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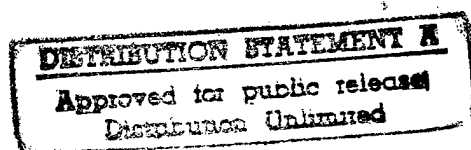
9 JUNE 1987



**FOREIGN  
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# ***JPRS Report***

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## **China**

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### SPECIAL NOTICE

Effective 1 June 1987 JPRS reports will have a new cover design and color, and some reports will have a different title and format. Some of the color changes may be implemented earlier if existing supplies of stock are depleted.

The new cover colors will be as follows:

CHINA.....	aqua
EAST EUROPE.....	gold
SOVIET UNION.....	salmon
EAST ASIA.....	yellow
NEAR EAST & SOUTH ASIA...	blue
LATIN AMERICA.....	pink
WEST EUROPE.....	ivory
AFRICA (SUB-SAHARA).....	tan
SCIENCE & TECHNOLOGY.....	gray
WORLDWIDES.....	pewter

The changes that are of interest to readers of this report are as follows:

The CHINA REPORT: ECONOMIC AFFAIRS (CEA) and the CHINA REPORT: POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS (CPS) will no longer be published. Material formerly found in these reports will appear in the CHINA (CAR) series.

CHINA/RED FLAG (CRF) will be issued as a separate series.

CHINA/STATE COUNCIL BULLETIN (CSB) will be issued as a separate series.

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9 JUNE 1987

## CHINA

### CONTENTS

#### INTERNATIONAL

##### GENERAL

- Signs of Improvement in FRG-USSR Relations Noted  
(Li Zhongfa; LIAOWANG OVERSEAS EDITION, No 12, 23 Mar 87) 1

##### POLITICAL

- Influence of Western Ideological Trends on Students  
(Zheng Changwu; ZHONGGUO JIAOYU BAO, 26 Mar 87) ..... 4

#### ECONOMIC

##### NATIONAL AFFAIRS, POLICY

- Auditors Uncover Fraud, Corruption Cases  
(XINHUA, 28 Apr 87) ..... 7
- Individually-Run Businesses Termed Necessary to Economy  
(XINHUA, 11 Apr 87) ..... 8
- JINGJI RIBAO on Halting Growth of Consumption Funds  
(JINGJI RIBAO, 15 Apr 87) ..... 10

##### PROVINCIAL

- Economic Progress Reported in Autonomous Regions  
(XINHUA, 15 May 87) ..... 12

HEBEI RIBAO Report on Economic, Social Development (Song Shuhua; HEBEI RIBAO, 30 Apr 87) .....	13
Hubei Governor on Political, Economic Development (Hubei Provincial Service, 28 Apr 87) .....	37
Hunan Takes Measures To Help Poor Areas (Hunan Provincial Service, 30 Apr 87) .....	38
Liaoning Commentary on Increase-Production Campaign (Liaoning Provincial Service, 3 May 87) .....	39
TIANJIN RIBAO on 1986 Accounts, 1987 Budget (Yue Shugong; TIANJIN RIBAO, 3 May 87) .....	41
Xizang Regulations on Enterprise Reform (Xizang Regional Service, 29 Apr 87) .....	49
Xizang Radio Calls for Promoting Reform (Xizang Regional Service, 30 Apr 87) .....	51
Xizang Radio on Problems in Enterprise Reforms (Xizang Regional Service, 1 May 87) .....	52
Briefs Guangdong Industrial Output Increases .....	53
INDUSTRY	
Zhang Jingfu Addresses Packaging Conference (XINHUA, 7 May 87) .....	54
April Industrial Output Increases Over 1986 (XINHUA, 10 May 87) .....	56
Nuclear Industry Shifts to Civilian Emphasis (XINHUA, 6 May 87) .....	57
1.23 Billion Yuan Investment in Light Industry (Xie Songxin; CHINA DAILY, 5 May 87) .....	58
Official Reports Oversupply of Household Electronics (XINHUA, 15 May 87) .....	60
CHONGQING RIBAO Reports Quarterly Output (Zhuyi; CHONGQING RIBAO, 15 Apr 87) .....	61
Liaoning's Anshan Steelworks To Be Renovated (XINHUA, 14 Apr 87) .....	63

Qinghai Aluminum Plant First Phase Nears Completion (XINHUA, 12 Apr 87) .....	65
Briefs	
Polymide-Fiber Cord Cloth Factory	66
Appliance Production Cut Urged	66
CONSTRUCTION	
Vice Minister on Capital Construction Investment (XINHUA, 7 May 87) .....	67
Four Large Ethylene Projects Under Construction (XINHUA, 11 May 87) .....	69
Qinghai Discusses Problems in Construction Industry (Qinghai Provincial Service, 2 May 87) .....	70
Reform Proposals Aim To Encourage Home Ownership (XINHUA, 13 May 87) .....	71
FOREIGN TRADE, INVESTMENT	
Vice Minister Views Use of Foreign Capital (Dai Yaping; ZHONGGUO XINWEN SHE, 29 Apr 87) .....	72
GDR Economic Delegation Ends Jilin Visit (Jilin Provincial Service, 6 May 87) .....	74
Trade With Indonesia Increases Over Last 2 Years (ZHONGGUO TONGXUN SHE, 28 Apr 87) .....	75
Expressway Project Draws Bids From Foreign Firms (XINHUA, 13 May 87) .....	76
Quality Control on Export Goods To Be Tightened (XINHUA, 17 May 87) .....	77
Technology Transfer Improves Product Quality (XINHUA, 15 May 87) .....	78
Xinjiang Import, Export Volume Hits New High (Guo Zhongshi; CHINA DAILY, 14 Apr 87) .....	79
Report on Foreign Exchange, Imports Systems Reform (Liu Qichang; JINGJI GUANLI, No 2, undated)	81
ECONOMIC ZONES	
Official Reports on Foreign Technology in Qingdao (XINHUA, 10 Apr 87) .....	86

## TRANSPORTATION

Xinjiang Leaders Call for Support in Railway Construction (Xinjiang Regional Service, 10 Apr 87) .....	87
Beijing-Istanbul Air Route Inaugurated (Zhu Rongying; XINHUA, 1 May 87) .....	88
Beijing-Shanghai Railway To Be Modernized (XINHUA, 8 May 87) .....	89
Briefs	
Changjiang Port Construction	90
Air Service Promotion	90
Soviet Shipping Office in Shanghai	90
Chang Jiang Shipping	90

## AGRICULTURE

Official Says Peasants' Living Standard Improving (XINHUA, 10 Apr 87) .....	91
'Agricultural Revolution' Underway in Northwest (XINHUA, 2 May 87) .....	92
Agro-Tech Research Organizations Benefit Farmers (XINHUA, 28 Apr 87) .....	93
Beijing Facing Serious Water Shortages (CHINA DAILY, 4 May 87) .....	95
JINGJI RIBAO Reviews Agricultural Development (Liu Zhongyi; JINGJI RIBAO, 7 Apr 87) .....	97
Gansu Meeting Urges Good Job in Spring Sowing (Gansu Provincial Service, 30 Apr 87) .....	103
Jilin Province Biggest Exporter of Maize (XINHUA, 17 May 87) .....	104
Qinghai Official Interviewed on Grain Supply Problems (Qinghai Provincial Service, 4 May 87) .....	105
Qinghai People's Deputies Discuss Rural Problems (Qinghai Provincial Service, 4 May 87) .....	107
Governor on Prices, Key Projects, Agricultural Tasks (Qinghai Provincial Service, 3 May 87) .....	108
Qinghai Radio on Chemical Fertilizer Shortage, Measures (Qinghai Provincial Service, 29 Apr 87) .....	110

Studies of Capsular Subunit Vaccine Against Fowl Cholera. II. Potency Test, Duration of Immunity and Its Effect on Egg Production in Hens and Drugs (Lin Shitang, et al.; XUMU SHOUYI XUEBAO, No 4, Nov 86)	111
Study of Developing Tendency of China's Forest Resources in 2000 (LINYE KEXUE, No 1, Feb 87)	112
Occurrence of Haploid Chromosomes in Cotton Pollen (Li Xiulan; ZUOWU XUEBAO, No 1, Mar 87)	113
Briefs	
Zhejiang Aquatic Cultivation	115
Xizang Livestock Output	115
Cotton Research Center in Jinan	115
Agriculture Ministry Citic Develop Exports	116
Seed Quality Inspections	116
Yunnan Machine-Plowed Acreage	116
Yunnan Hybrid Rice	117
Hunan Tobacco Industry	117
Jiangxi Tobacco Industry	117
Jiangxi Farm Supplies	117
Yunnan Tobacco Industry	117
National Beer Production	117
Rural Savings	117
Jiangsu Farm Supplies	118
Zhejiang Tea Area	118
Jiangxi Farm Loans	118
Anhui Seed Output	118
Anhui Peasant Income	118
Liaoning 1986 Grain Output	118

#### TAIWAN

Popular Taiwan Novel Published in China (ZHONGGUO XINWEN SHE, 17 Apr 87)	119
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Briefs	
Cost of New Submarines	120

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## SIGNS OF IMPROVEMENT IN FRG-USSR RELATIONS NOTED

Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 12, 23 Mar 87 p 29

[Article by Li Zhongfa [2621 6988 4099]: "Self-Interests Prompting the Soviet Union and the Federal Republic of Germany to Improve Relations"]

[Text] Since the beginning of the year, the leaders of the Federal Republic of Germany [FRG] and the Soviet Union have used all kinds of occasions to emphasize the need to improve their relations and write a new chapter in bilateral relations, claiming this will be of special significance for East-West relations as a whole as well as for Europe. All signs point to a warming trend in FRG-Soviet relations which have been cool over the past few years.

On 16 February, Chancellor Kohl of the FRG met with Soviet ambassador to Bonn, (Ke Wei Qin Si Ji), and told him that his country takes the improvement of relations with the Soviet Union very seriously, which he described as FRG's most important partner in implementing its Ostpolitik. (Ke Wei Qin Si Ji), on his part, stressed that the FRG is "one of the Soviet Union's most important partners in Europe." On the same day, Soviet leader Mikhail Gorbachev met with a delegation of the Green Party from the FRG to the international peace conference and commented that the improvement of FRG-Soviet relations is vital, a prerequisite for peace and detente in Europe. He also expressed interest in visiting the FRG.

Reportedly the two countries have begun exploring the possibility of their top leaders visiting each other. Speaking to reporters from a FRG newspaper not long ago, a Soviet Foreign Ministry spokesman proposed that FRG President Richard von Weizsacker visit the Soviet Union. Kohl also told reporters recently that his invitation to Gorbachev 2 years ago to visit the FRG still stands and said that he believed "a visit can remove misunderstanding and establish trust."

Officials of the two nations also show a tendency toward visiting each other more frequently. In mid-February, First Deputy Chairman (Zha Ge La Jin) of the International Department under the Central Committee of the Communist Party of the Soviet Union visited the FRG and held detailed talks with Foreign Minister Genscher on bilateral relations. What made the talks special was the effort to remove past misunderstandings. In early April, two mixed economic commissions will hold a conference in Bonn to discuss the establishment of



joint ventures in the Soviet Union and other matters. First deputy chairman of the Soviet Council of Ministers, Aleksey Antonov, is expected to take the opportunity to discuss the development of bilateral relations with German leaders. Reports indicate that Soviet Foreign Minister Eduard Shevardnadze may also visit Bonn later this year. The FRG, for its part, will send Heinz Riesenhuber, minister for research and technology, and Rita Sussmuth, minister for health affairs, to the Soviet Union soon to sign bilateral cooperation agreements on nuclear energy, medical services, and public health.

FRG-Soviet relations have emerged from a prolonged "winter." Because of differences over security matters, bilateral relations have been rather cool since 1983. In Soviet eyes, there were two major negative elements in Moscow-Bonn relations. First, the FRG was the first Western European nation to agree to the deployment of U.S. medium-range nuclear guided missiles on its soil in 1983. Second, the Bonn government also decided to support the U.S. strategic defense initiative program in 1985. This irked Gorbachev who criticized Kohl's decision as a violation of the Moscow treaty signed by the two nations in 1970.

Another uproar in bilateral relations erupted last fall when Kohl compared Gorbachev to Goebbels, the Nazi propaganda chief, during an interview with reporters from a U.S. publication. Several ministerial visits were cancelled and what was a cool relationship then turned icy. Western analysts believed the Soviet Union reacted strongly with hopes of influencing the outcome of the 11th parliamentary elections in the FRG. But since the elections last January returned the Kohl administration to power, Moscow had no choice but to face up to reality.

Observers have noted a new initiative and urgency in recent Soviet moves to improve relations with the FRG, a development inseparable from Gorbachev's "glasnost." In an article late last year, NEWSWEEK, the U.S. magazine, said that disturbed by a string of problems such as dwindling oil revenues, sluggish economic growth, and a widening technological gap with the West, Gorbachev has demanded "radical reform" throughout the Soviet economy in order to obtain the technology and capital necessary for boosting the economy and expand the Soviet share of Western markets. The article makes sense and obviously the FRG can be an important partner in this area. To meet the needs of the new situation, the Soviet Union recently promulgated a joint venture law which, Bonn believes, is designed to "encourage foreigners to invest in Soviet industry and high-tech projects."

The FRG also finds it necessary to improve relations with the Soviet Union. It realizes it will be against its interests to rely excessively on the United States in opposition to the Soviet Union in East-West matters. On the other hand, it would help it strengthen its position and give it more say in East-West relations to improve contacts with the Soviet Union. Economically, the Soviet Union has always been an important partner for the FRG, with bilateral trade expanding almost 13-fold between 1970 and 1984. Even when bilateral relations were at a low ebb in 1985, it still topped 7 billion rubles. The German economy has done quite well in the past several years, maintaining a momentum for sustained, stable, and moderate growth. Discouraging signs, however, have appeared in the last few months. According to the monthly

report issued by the Finance Ministry last February, because of the sharp appreciation of the mark against the dollar and other major Western currencies, German exports have been hit hard and the economy has ground to a halt. Its GNP for the first quarter is expected to be off by 1 percent compared to the same period last year. For 1987 as a whole, it will grow just 1.5 percent, much lower than earlier government projections. This trend will only exacerbate the unemployment problem anew, which had shown signs of easing. Under these circumstances, the FRG must pay more attention to its traditional market, the Soviet Union. Genscher said that the FRG will enter into "large-scale economic cooperation with the Soviet Union." And Kohl suggested that an East-West economic cooperation conference be convened within the framework of the East-West Security Conference. All this talk is prompted by a desire to make the economy moving again.

Out of self-interests, both the FRG and the Soviet Union consider each other an important partner. Given this situation, bilateral relations may strengthen considerably this year.

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CSO: 4005/541

## INFLUENCE OF WESTERN IDEOLOGICAL TRENDS ON STUDENTS

Beijing ZHONGGUO JIAOYU BAO in Chinese 26 Mar 87 p 3

[Article by Zheng Changwu [6774 2052 2976]: "Guiding Students to Examine Western Ideological Trends Critically"]

[Text] We should subject Western ideological trends to close analysis. In general, such trends manifest themselves as the ideology of the bourgeoisie, which is opposed to Marxism. For instance, in his work "The Clash of Ideals," U.S. scholar Bentley distorts the ideals of Marxism and communism as fantasies removed from reality. Note that people who distort and falsify Marxism often dress up their theories using the methodology of natural science, logical reasoning, mathematical modeling, and functional charts to lend a scientific aura to them and hide their real anti-science, anti-truth, and anti-Marxist nature. All of that is highly confusing, particularly to students. Hence the need for in-depth analyses.

Western ideological trends indeed exercise an influence on university students, but what are the manifestations of this influence? How are university students influenced? Here is my preliminary analysis of these issues.

### 1. General manifestations of the influence of Western thought on university students.

First, the influence of Western thought manifests itself as the one-sided acceptance by some students of certain viewpoints, ideas, and theories. They even adopt these viewpoints and ideas as the starting point in their critique of social phenomena, without clear-headedly analyzing whether they are correct. After reading "Socialism As I Know It" by (Masanori) Kikuchi and "Scientific Socialism" by Tetsuzo Fuwa, both of Japan, they readily accept some of the arguments in the works which seem "thirst-quenching" to them, and elaborate them at will. Influenced by existentialism, for instance, other students see everything from the perspective of "self" and "value:" "self" is everything and "personal value" should come before all else. Influenced by the notion of "self-design," some design themselves thus: a mathematician at 20, a poet at 22, an aesthetician at 25, and a philosopher at 50. Others put forward the slogan, "Long live self." Then there are those who, influenced by

the Western theory of the presence of "selfish genes in the human brain," contend that man is born selfish.

These students have a passionate desire for learning and coming in contact with new things. They are not satisfied with the exclusive preoccupation with theories in Marxist teaching. In addition, they see the social problems around them and want to look for answers among Western writings. All this has led them to indiscriminately apply some Western ideas that are patently wrong or only partly correct without considering them soberly.

But we should be aware that while these students may be biased, perhaps even dangerously so, toward a certain Western theory for a while, they may learn to discard whatever is incorrect through constant studies and improve themselves ideologically. So we need not be alarmed at some of the students' "extreme" ideas. The important thing is to guide them.

Second, this point applies to even more students. Although they have not directly come in touch with Western writings, they have not isolated themselves from Western ideas either. They pay more attention to history, to realities, and to introspection. In a survey on 135 students, they were asked to name "the idea or theory which influences them the most." Fifty-one students replied that they have not yet been influenced significantly by any theory or idea. "We are more interested in searching for a way ourselves. We do not lightly believe others' theories."

Skepticism is widespread among these students. You say socialism is good, and they will ask why capitalist economies have developed fairly rapidly too. Questions like this abound, but there are no answers. Thus students are under intense conflict. Western theories cannot solve Chinese problems. This much they know, yet the "universal Marxist truth" they hear in some courses also fails to help them understand the host of critical issues in China and the world today. Hence even as they feel a sense of urgency about furthering Marxism and are sincerely hopeful about it, their limited contact with realities and ideological training, however, makes it difficult for them to perceive in the thick of reform the lively and solid advances we have made in Marxist socialist theories.

As a result of this kind of extreme conflict, their fervent wishes for developing Marxism degenerate into ordinary slogans. And the more the slogans are repeated, the more empty and meaningless they become.

Do not simplistically think that these students are closed to everything just because they are skeptical. We should try to find out whether or not our Marxist theoretical teaching has answered their burning questions. If not, we should strive to improve our work to fully bring out the fighting spirit, persuasiveness, and attractiveness of Marxism.

Third, there are some students who manage to regard Western ideological trends more soberly and rationally, analyze them from a Marxist viewpoint, and take the initiative to absorb from them whatever is useful to their specialty. This is usually manifested in their attention to and adoption of widely applicable research methods in Western writings. These methods, such as

systems analysis, input output (sectoral) analysis, and public opinion polling are then put to practical use in their studies and research.

2. Above is a crude analysis of the manifestations of the influence of Western ideological trends on university students. Now we must ask how university students gain access to Western ideas. We conducted a questionnaire survey recently. From the 354 completed questionnaires, it is clear that only 7.9 percent of the students study the works representative of some Western ideologies closely, 20 percent read the representative writings of the major thinkers cursorily, while 73.6 percent come into contact with Western ideas indirectly, that is, without going to the original sources. Of this, 34 percent are acquainted only with the major ideas, 21 percent have attended a number of relevant lectures, and 18.6 percent have read introductory articles in the newspapers and magazines.

Intercollegiate longitudinal studies are required to determine the scientific nature and universality of the survey results, but it provides us with some valuable information. It is through lectures and introductory articles in the press or other similar channels that university students come to be influenced by Western ideas. This shows us the importance and urgency of stepping up our work in this area. Lectures that introduce Western ideas can be either "objective," as they claim, or analytical and critical. The same distinction should be made about articles in the papers and magazines. As for those students interested in seeking new things in Western writings, we should take the initiative to help them understand Western works and then point out what is right and what is wrong.

Western ideological trends are an objective fact. If we fail to analyze them from the Marxist viewpoint, that would amount to noninterference, an abnegation of duty on our part toward the students. It must be fully opposed.

We should educate university students through comparison. That is, we must provide them with Marxist guidance through comparison. What should be compared with what? Socialism with capitalism, Marxism with non-Marxism. We should study and analyze Western ideas as part of the teaching of Marxist theories and directly answer the ideological questions to which students urgently want an answer. Thus we should subject Western ideas to criticism and comparison. Marxism does not shun polemics; in fact it thrives on polemical battles with non-Marxist ideas. Marxism is an open system that constantly improves and furthers itself by absorbing all kinds of new human knowledge and achievements. Only by broadening our vision and studying China and the world can we put ourselves in an invincible position.

12581

CSO: 4005/549

## AUDITORS UNCOVER FRAUD, CORRUPTION CASES

OW280954 Beijing XINHUA in English 0740 GMT 28 Apr 87

[Text] Beijing, April 28 (XINHUA)--Large numbers of fraud, corruption and tax evasion cases are being uncovered by China's State Auditing Administration, which made its debut in 1983, CHINA DAILY reported today.

According to the administration's latest report, auditors checked the accounts of more than 96,000 units last year. Irregularities involving 3.22 billion yuan (865 million U.S. dollars) that ought to have been paid to the state treasury were discovered.

Last year, a total of 817 major violations of financial regulations were uncovered, each involved at least one million yuan. Another 309 corruption cases were investigated, each involved at least 10,000 yuan.

The major problems include fraud, tax evasion, ignorance of the economic laws and the exploitation of loopholes in the law for personal gain.

The State Auditing Administration last year audited state-owned enterprises with emphasis on material suppliers and foreign trade units.

It checked the books of more than 3,700 material-supply units across the country and found cases of tax evasion valued at 1.2 billion yuan.

The auditors also checked the accounts of 700 enterprises dealing with foreign trade and discovered cases of tariff and tax evasions worth 102 million U.S. dollars of foreign exchange and more than 680 million yuan rmb.

Also in 1986, the administration said, auditors checked law-enforcing units on their handling of confiscated funds. They found that some units had juggled figures or squandered money.

A closer watch was also kept on directors of industrial enterprises who now had increased decision-making powers. Of 599 directors checked in 16 provinces, 74 were found to have committed serious violations of financial regulations, the report said.

This year, the administration is continuing to focus its effort on curbing fraud and arbitrary levies and on stopping people taking advantage of loopholes in the law for personal gain.

## INDIVIDUALLY-RUN BUSINESSES TERMED NECESSARY TO ECONOMY

OW111357 Beijing XINHUA in English 1330 GMT 11 Apr 87

[Text] Beijing, April 11 (XINHUA)--Individuals doing business in the city and countryside have become a necessary part of China's economy, according to a national meeting on the administration of industry and commerce, which is presently in session here.

Ren Zhonglin, director of the State Administration for Industry and Commerce, told the meeting that although businesses run by individuals have developed greatly in the past few years, they can still not meet the needs of consumers and the development of these markets should proceed more rapidly.

Statistics collected by the administration show that, at the end of 1986, more than 12.11 million individual run business units, employing [figure indistinct] million people, were engaged in industry, commerce, service and other trades across the country, up 3.39 percent and 4.51 percent respectively over the previous year. Their turnover came to 91.42 billion yuan rmb in 1986, up 21.8 percent.

In addition, China has 283,000 collectively managed organizations with more than 3.45 million employees throughout the country.

Ren Zhonglin noted that local administrative departments should, in cooperation with other departments, help individuals solve problems they encounter in marketing, sources of raw materials and commodities, ensure their just operation and protect their legal rights and interests.

The individual economy and private enterprises, as a supplement to the socialist economy, are helpful in providing more job opportunities, and turning scattered funds, technology and labor power into socially productive forces quickly, he added.

The development of individual-run business has also given an impetus to market trade.

By the end of 1986, the number of urban and rural markets were 67,610 across the country, 3,482 more than the previous year, or up 5.43 percent. The volume of the turnover totalled 90.65 billion yuan rmb in 1986, up 29.13 percent.

Ren urged localities to pay more attention to the development of wholesale markets for agricultural and sideline products and specialized markets, in order to further enhance the exchange of goods between urban and rural areas, and between regions.

China had 892 wholesale agricultural and sideline products markets by the end of 1986, with a turnover totalling 2.8 billion yuan rmb during the year. Industrial product markets numbered 4,477, and they had a turnover of 11.5 billion yuan rmb in 1986.

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CSO: 4020/178



## JINGJI RIBAO ON HALTING GROWTH OF CONSUMPTION FUNDS

HK281531 Beijing JINGJI RIBAO in Chinese 15 Apr 87 p 1

["Today's Forum": "Resolutely Stop The Growing Tendency of Consumption Funds"]

[Text] In the first quarter of this year, the wages and various bonuses and subsidies of the workers and staff of enterprises under the ownership of the whole people and city and town enterprises under collective ownership all increased on the basis of the continuous big increases over the last two years. So far, the growing tendency of consumption funds has not yet been stopped. In many localities and units, cases of violating financial and economic discipline regardless of the overall situation occur from time to time. After the state raised the demand to "compress the atmosphere" and increase revenue and reduce expenditure, some localities still took the liberty of increasing the starting point for levying bonus tax and the standards of subsidies and allowances. Some units even upgraded their institutions and cadres without the permission of the upper levels. In addition, the phenomena of wantonly issuing bonuses and materials are still rather common. Furthermore, the administrative expenses and purchasing powers of social cliques tend to sharply increase, rather than fall. This state of affairs must be stopped.

The growth of consumption funds and the increase of state administrative expenses year after year would not only create troubles for the state revenue but also bring about bad political impacts. The numerous administrative units, overstaffing, and extravagance and waste are all demonstrations of bureaucracy. Our party and government organs must be honest in performing official duties and resolutely reduce nonproductive expenses, administrative expenses in particular. First, the leaders of the party and government organs at all levels should take the lead in taking the situation as a whole into consideration, encourage diligence and thrift, and oppose luxurious work styles. They should understand that due to the "overheated" economy over the last two years a framework of excessive administrative expenses has taken shape. As this is not normal, we must be determined to reduce the growth figures and set up a reasonable basis. Otherwise, we will always be in a passive position. Second, we should strictly enforce financial and economic discipline. We should rectify as soon as possible unlawful practices like presumptuously increasing the starting point for levying bonus tax, increasing the standards of subsidies and allowances, upgrading institutions and cadres

without authorization, and so on. In the future, we should regard the wanton issuance of bonuses and materials as one of the contents of financial inspection. If it occurs, the responsibility of the leaders should be investigated and affixed.

To bring the growth of consumption funds under control and reduce administrative expenses is an important link in realizing the increase of revenue and reduction of expenditure this year. The organs of the central authorities and provinces and municipalities should set a good example in leading the party and government organs at all levels and all trades and professions and the staff and workers to change their work styles and engage in hard work, thus forming a good atmosphere of encouraging hard work and thrift in all society.

/12913

CSO: 4006/627

## ECONOMIC PROGRESS REPORTED IN AUTONOMOUS REGIONS

OW151156 Beijing XINHUA in English 1055 GMT 15 May 87

[Text] Beijing, 15 May (XINHUA)--Greater economic progress was reported in China's five minority nationality autonomous regions last year, according to the State Nationalities Affairs Commission here today.

Figures provided by the commission show that in 1986, the total industrial and agricultural output value of Xinjiang, Tibet, inner Mongolia, Ningxia and Guangxi autonomous regions reached 58.12 billion yuan, up nearly eight percent over 1985.

Total industrial output value of the five regions topped 36.5 billion yuan, 11.5 percent more than in the previous year, surpassing the national increase rate.

Despite serious natural disasters, the total agricultural output value of the five regions topped 21.55 billion yuan last year, an increase of 2.5 percent over 1985. In Xinjiang, the rate of growth was 10.3 percent. In 1986, more than 23.9 million tons of grain were harvested in the five autonomous regions, 0.8 percent less than in 1985.

In Xinjiang, however, an increase of 9.8 percent was registered in grain output which surpassed five million tons for the first time. This came to 400 kilograms of grain for each person in the region, higher than the national average.

The total cotton output was 216,000 tons, 14.9 percent higher than in 1985. The output of pork, beef and mutton was 1.32 million tons, 5.8 percent more than in the previous year. The output of sugar, fruit, eggs and poultry and vegetables also increased.

Agricultural conditions were further improved with the use of more chemical fertilizer and electricity. Last year, the power of the farm machinery was 12.3 percent more than in 1985.

With the development of agriculture and animal husbandry, the lives of peasants and herdsmen steadily improved and more families emerged from poverty. Last year the average per capita income of peasants in Xinjiang was 149 yuan, near the national average of 342 yuan, and the average per capita income of the herdsmen in inner Mongolia topped 600 yuan.

## HEBEI RIBAO REPORT ON ECONOMIC, SOCIAL DEVELOPMENT

SK150100 Shijiazhuang HEBEI RIBAO in Chinese 30 Apr 87 pp 2, 3

[Report by Hebei Province's 1987 Draft Economic and Social Development Plan, presented by Song Shuhua, vice governor of Hebei Province and chairman of the provincial Planning and Economic Commission, at the fifth session of the sixth Hebei Provincial People's Congress on 19 April]

[Text] Fellow deputies:

Entrusted by the provincial government, I now submit for your examination a report on the fulfillment of the 1986 economic and social development plan and on the draft 1987 plan:

#### I. Fulfillment of the 1986 Plan

In 1986 the people throughout the province conscientiously implemented the guidelines of the fourth session of the sixth Provincial People's Congress, actively promoted economic structural reform in line with the principle of consolidation, assimilation, supplementation and improvement, strengthened and perfected macroeconomic control, vigorously developed lateral economic cooperation, further promoted economic and social development, and made new progress on all fronts. The province's total social product reached 84.5 billion yuan (based on 1986 prices), up 7.8 percent over the previous year. Of this, the total industrial and agricultural output value came to 67.83 billion yuan, up 8 percent. The national income was 37.5 billion yuan, up 5.7 percent. The macroeconomy was well managed, the contradictions between overall social demand and supply were slightly eased, and the accumulation rate dropped from 34.6 percent in the previous year to 31.8 percent. The growth rate of consumption funds dropped from 14.7 percent to 7.4 percent. Judging from the general situation, most of the stipulated targets defined in the planned tasks which were approved by the fourth session of the sixth Provincial People's Congress were fulfilled or overfulfilled. The fulfillment of the province's economic and social development plan was good.

##### 1. The rural economy developed constantly.

In 1986 the agriculture of some localities in the province was plagued by serious natural disasters. The disaster-stricken areas reached 40 million mu. However, through the strenuous efforts of the people throughout the

province, the rural economy still showed a fairly rapid increase. The total product of rural society reached 37.59 billion yuan, up 10.8 percent. In grain production, we reaped bumper harvest in summer grain and suffered a reduction in grain output in the autumn harvest. During the year, we failed to fulfill the production plan of 20 million tons. However, due to the expansion of farming acreage and our sustained struggle against drought and natural disasters, the total output still reached 19.655 million tons, the same as 1985. The total output of cotton and oil-bearing seeds merely stood at 511,000 tons and 618,000 tons respectively due to natural disasters and a drop in farming acreage, a decrease of 18.8 percent and 28.9 percent respectively. New progress was made in animal husbandry and the aquatic products industry. The output of pork, beef, and mutton reached 918,000 tons, an increase of 12.2 percent. The output of aquatic products came to 155,000 tons, up 21.1 percent. Township enterprises continued to rapidly develop and their total output value reached 22.3 billion yuan, up 22.5 percent over the previous year. Under the situation in which the commodity production continued to develop, a sustained and brisk situation was maintained in the entire rural economy.

## 2. Industrial production continued to increase

Starting from the beginning of last year, the province and various localities realistically strengthened leadership over industrial production, relentlessly grasped the implementation of all measures for invigorating enterprises, carefully organized and flexibly managed production, and succeeded in gradually improving the passive production situation. The annual total industrial output value came to 50.63 billion yuan, an increase of 11.7 percent, surpassing the demand of a 9-percent increase in the plan. Light and heavy industry grew simultaneously. The output value of light industry came to 23.74 billion yuan, an increase of 11.5 percent and that of the heavy industry, 26.89 billion yuan, an increase of 11.9 percent. The product mix was initially readjusted, and the production of energy products, raw and semifinished products and readily marketable products increased rapidly. The output of the 55 products listed for appraisal, including raw coal, power output, rolled steel, cement, yarn, cloth, and cigarettes, 41 of which fulfilled or overfulfilled their plans. New progress was also made in communications, transport, post and telecommunications. The freight handling volume of Qinhuangdao port came to 48.725 million tons, an increase of 10.3 percent. The local freight volume reached 6.16 billion ton-km, an increase of 16.1 percent over the previous year. The volume of passenger transportation was 5.63 billion person-km, an increase of 8.5 percent. The total post and telecommunication transactions during the year came to 140 million yuan, an increase of 9.8 percent over the previous year.

## 3. The scale of investment in capital construction was brought under control and notable progress was made in readjusting the investment structure.

In 1986, our province scored gratifying achievements in controlling the scale of investment in fixed assets and readjusting the investment structure. State units invested 3.92 billion yuan in capital construction, an increase of 13.4 percent over the previous year. Of this, local investment was 1.61 billion yuan, an increase of 4 percent. The investment was controlled within the state fixed scale. Improvement was made in the investment structure. Investment

in productive construction was 2.38 billion yuan; the proportion of investment in productive construction rose from 52.9 percent to 60.6 percent. Energy, transport, and postal and telecommunication departments further strengthened the improvement in investment structure. Key projects were under comparatively rapid construction. The 34 large and medium-sized projects covered by the province's construction plan reached the planned construction speed targets. The four large and medium-sized single-item projects--the Xingtai, Douhe, Fengrun, and Tangshan powerplants, and the Yaohua glassworks float glass production line--which should be put into operation in 1986 according to the state requirements, were put into operation on or ahead of schedule.

The pace of technological transformation was accelerated. State units invested 2.49 billion yuan in technological transformation, an increase of 44.4 percent over the previous year. Of this, the investment in local projects reached 1.62 billion yuan, an increase of 45.2 percent, surpassing the investment in capital construction for the very first time and setting a record in history. Of the state units' investment in technological transformation, the investment in energy-saving projects, increasing the varieties of products, and improving products quality increased by more than 90 percent. Of the 2,026 projects which were under construction in 1986, 1,157 were completed and went into operation.

Through capital construction and technological transformation, 5.01 billion yuan worth of fixed assets were added in 1986 and a group of projects with new production capacity were completed. Of this, the installed capacity of power generation increased by 513,000 kw, setting a record in history. The completion of these projects accelerated enterprises' technological progress and enhanced their reserve strength for economic development.

4. Revenues and expenditures were balanced and preliminary achievements were made in collecting and activating funds.

The province's revenue in 1986 reached 5.117 billion yuan, an increase of 5.3 percent over the previous year and fulfilling the readjusted plan approved at the provincial People's Congress. Expenditures reached 5.382 billion yuan, an increase of 19.3 percent over the previous year. The province struck a balance between revenue and expenditure if the special allocations of the central authorities were included, or revenue and expenditure were calculated according to the current financial system. Banks at all levels adopted various channels and various means to collect and circulate funds. By the end of last year savings deposits reached 24.73 billion yuan, an increase of 4.99 billion yuan over the figure calculated at the beginning of last year. Loans reached 33.37 billion yuan, an increase of 6.63 billion yuan. Banking bonds worth 89.52 million yuan and enterprise bonds worth 160 million yuan were issued in 1986. Through setting up money lending markets, 3.13 billion yuan of funds were lent in 1986. The efficiency of capital utilization was improved and production and construction were supported thanks to the application of the measures for activating funds. The insurance business was developed. The varieties of domestic insurance policies increased from 46 in 1985 to 54 in 1986. Property totaling 45.97 billion yuan enjoyed guarantees through insurance. Income from insurance business increased by 68 percent over the previous year. More than 100,000 people bought old-age pension insurance policies.

5. Urban and rural markets were brisk and foreign trade was further expanded.

Along with the development of production and the deepening of circulation system reform, the urban and rural markets continued to be brisk last year and most commodities were in normal supply. The retail sales of commodities last year totaled 23.05 billion yuan, an increase of 12.8 percent over the previous year. Of this, the retail sales of consumer goods increased by 13.3 percent and those of agricultural production means increased by 10.1 percent.

While readjusting the quality of some commodities and price parties due to seasons, the province strengthened supervision over goods prices and prices inspections. The retail price index rose 5.2 percent last year, lower than the planned target by 6 percent. The situation of retail prices of different commodities showed that the retail prices of food rose 6.2 percent. Of this, the prices of meat, poultry, and eggs rose 7.3 percent, those of aquatic products rose 7.7 percent, those of fresh vegetables rose 10.4 percent, and those of fresh fruits rose 14.2 percent. The retail prices of daily necessities rose 5.5 percent, fuel rose 4.8 percent, and those of clothing rose 3.6 percent.

The situation in foreign trade and exports was better than expected. The total purchase volume of export commodities was valued at 3.33 billion yuan, an increase of 47.8 percent over the previous year. Under a situation in which the export of crude oil dropped by a large margin, we relentlessly grasped the export of other commodities. The export of machinery and electrical products, coal, light industrial products, metals and mineral products all showed an increase of more than 20 percent over the previous year. The total value of export commodities during the year came to \$1.05 billion. Of this, the export of sundry goods reached \$841 million, which was 124.2 percent of the annual plan, up 32.6 percent over the previous year. New progress was also made in the utilization of foreign capital and the development of tourism. During the year a total of 31 new contracts on utilization of foreign capital were signed, involving a total sum of \$17.51 million yuan. We received 50,000 tourists from 30 countries and localities and earned 7.618 million yuan from tourism, an increase of 87.9 percent over the previous year.

6. Lateral economic cooperation was further strengthened.

In 1986 our province made a new stride forward in lateral economic cooperation. The large scale of cooperation, the forms, and the extensive scope all surpassed those in any period in the past. A group of enterprise groups and associations of a new type emerged and regional cooperative organizations continued to develop. Scientific research and production cooperation became more closely related and the cooperation between the urban and rural areas was further accelerated. According to initial statistics, at the end of last year our province had established cooperative ties with 28 provinces, cities, and regions and 230 counties and cities. We also established six regional cooperative organizations of various scales and different features with continuous areas, such as the Shanxi-Hebei-Shandong-Henan, the areas around Bohai, Hebei-Nei Monggol-Liaoning, Yanbei, Hebei-Shandong, and Shanxi-Hebei-Nei Monggol cooperative organizations, established more than 1,300 scientific

research and production associations and organized some 1,600 enterprise associations with more than 5,000 enterprises joining in. Some 9,700 economic and technological cooperative agreements were signed and about 3,600 items were implemented, involving a sum totaling 416 million yuan. At present, enterprise cooperation is being developed toward the direction of enterprise groups and associations; regional cooperation is being developed toward a multilevel and network-like orientation; and urban and rural cooperation is being developed toward the direction of integration.

7. New progress was made in science, education, culture, public health, and sports undertakings.

Stimulated by the scientific and technological structural reform, last year the province made big progress in scientific research work, the tackling of key research projects, the implementation of the "spark plan," and the popularization and application of scientific and technological findings. Of the 2,657 scientific research development tasks listed in the provincial, prefectural, city and county plans, 94 percent attended the planned progress demands. We achieved in more than 1,200 scientific and technological findings, of which 715 were major scientific and technological findings, and 15 attained or approached the international level. Of the 140 research findings which we applied for state patent rights, 71 received the patent rights given by the state. The 100 key scientific and technological findings which we popularized were universally applied and noticeable results were achieved. Of the 1,351 "spark plan" development tasks which we implemented, 70 percent of which achieved a portion of their expected results, and 211 tasks passed appraisal and acceptance tests, and economic results totaling 490 million yuan were achieved within the year. Social scientific research played an active role in promoting economic structural reform, and popularizing social scientific knowledge.

Educational undertakings steadily advanced in the course of reform. Last year the province as a whole increased and readjusted a total of 32 specialized courses. The total number of postgraduates, and the total student body of universities, secondary and specialized schools reached 148,900, an increase of more than 160,000 students. The pace of development of secondary, vocational and technical education was accelerated and the proportion of student enrollment in this sector to those in the ordinary middle schools was 0.78 to 1. The number of specialities in agricultural and vocational middle schools rose from 57 in the previous year to 83, with a total student body of 140,000 persons. Higher and secondary education for adults was readjusted and the student body came to 130,000 persons. We implemented the compulsory education law and formulated regulations for popularizing 9-year compulsory education and improved the teaching conditions for ordinary primary and middle schools. The governments at all levels throughout the province invested a total of 288 million yuan in improving the teaching conditions for primary and middle schools, an increase of 31.4 percent over the previous year. A total of 4,803 square meters of school buildings were built, an increase of 1.02 million square meters over the previous year. The attendance rate of school-age children reached 98.2 percent, an increase of 20.4 percent over the previous year. The education for preschool-age children and for the blind, deaf and dumb and mentally retarded children were strengthened.



Culture and public health undertakings were continually developed. New achievements were made in sports. In 1986, the province produced 31 parts of 18 television films and released 178 new films. The radio and television coverage rates of the population in four-level areas respectively reached 94 percent and 81 percent. Improvements were made in medical and public health conditions. By the end of last year, the province had 125,000 hospital sickbeds, an increase of 4,000 over the previous year; and it had 195,000 specialized personnel engaged in public health work, an increase of 7,800 over the previous year. The population natural growth rate reached 14.3 per thousand. Mass sports activities were extensively launched. The number of sports grounds increased from 412 in 1985 to 542. A total of 2,364 sports games with more than 3 million people participating were sponsored by the units at or above the county level in the whole year, attaining state standards for sports training. Sportsmen in our province won 27 golden medals, 41 silver medals, and 27 bronze medals at major sports games at home and abroad.

#### 8. People's livelihood was continually improved.

Along with the development of production, the income of both urban and rural people increased and their livelihood was improved continually. Last year, the province arranged jobs for 247,000 urban people. The annual average cash wages of staff and workers reached 1,268 yuan, an increase of 18 percent over the previous year. If factors for price hikes were deducted, the real increase was 11.3 percent. The work of supporting the poor was further strengthened. Through formulating the policies of giving preferential treatment to impoverished areas, implementing the system of supporting the poor on a responsibility basis, and launching various forms of activities of transferring science professionals and technicians to support and serve impoverished people, a group of impoverished villages and households preliminarily eliminated their problems concerning getting foods and clothing. The per-capita net income of the peasants throughout the province was 407.6 yuan, an increase of 5.8 percent over the previous year. The per capita living spending was 33 yuan, an increase of 12 percent. If factors for price hikes were deducted, the real increase was 6.3 percent. Residents' housing conditions were further improved. According to the survey on typical examples, the per-capita housing area of the urban residents rose from 7.1 square meters to 8.1 square meters and that of peasants rose from 14 square meters to 14.8 square meters.

Generally speaking, over the past year, the province better fulfilled the national economic and social development plan adopted at the Fourth Session of the Sixth Provincial People's Congress thanks to the concerted efforts of all people of the province. The achievements made over the past year were notable. However, there were still many problems concerning the implementation of the plan. First, we failed to completely implement the policies and measures for invigorating enterprises, and some grassroots failed to implement the documents concerning invigorating enterprises issued by the State Council and the provincial government. Some state industrial and communications enterprises in the province did not begin to implement the plant head responsibility system, and about two-thirds of the large and medium-sized

enterprises failed to invigorate their economy. Particularly, some enterprises failed to bring their functions into full play or enhance their vitality due to the fact that their managers' enthusiasm was dampened. Second, economic results were not ideal due to unstable product quality, lack of competitiveness, and increases in production costs and losses. Of the 73 industrial products whose quality should pass the province's major examinations, the quality of 21 was lower, accounting for 28 percent. The costs of comparable products made by local budgetary industrial enterprises rose 7.1 percent. A total of 271 enterprises were running losses, an increase of 45 enterprises over the past year. The amounts of losses reached 117 million yuan, an increase of 25.1 percent over the previous year. Tendencies of extravagance and waste seriously existed although various fronts had great potential for increasing production, practicing economy, increasing revenue, and reducing expenditure. Third, the province did not have sufficient reserve strength for agricultural development. Prominent problems were that investment in agriculture was not enough, the management of water conservancy projects was not good, some of the water conservancy projects were long out of order, natural disaster combating power was not strong enough, and the phenomena of wasting cultivated areas seriously existed. In 1986, the per-capita grain distribution of the people in the province was only 352 kg, lower than the national level of 370 kg. Fourth, the contradictions between structural supplies and demands prominently existed; and there were strains on supplies of energy resources, raw materials, and capital, particularly electricity. This year the province can only supply 21.8 billion kWh of electricity, failing to meet with the demands of 26 billion kWh and it plans to supply about 700,000 tons of diesel oil, failing to meet with the demands of 1.4 million tons. Fifth, financing was tight. Although the province struck a balance between revenue and expenditure, we should understand that the balance was realized with subsidies from 1985 surplus revenue and under the situation in which there was more surplus at the end of the year. Some prefectures, cities, and counties suffered deficits and failed to handle some financial affairs that should have been handled. The provincial government is taking measures for solving the aforementioned problems in a step-by-step manner.

## II. Arrangements for the 1987 Plan

According to the spirit of the national planning conference and in line with the demand set by the Seventh 5-year Plan for the first 2 years of the period. The major tasks of the guiding ideology in the province's 1987 plan for economic and social development are as follows:

Efforts should be made to uphold the four cardinal principles and the principle of conducting reforms, enforcing the open policy, and enlivening the economy; to continuously deepen the drive to conduct reforms; to vigorously grasp the implementation of various policies and measures; and to emphatically reinforce the reserve strength of agriculture and invigorate enterprises, particularly large and middle-sized enterprises.

Efforts should be made to uphold the principle of developing the economy in a long-term and stable manner, to compress the overheated atmosphere in economic construction, to bring the scope of investments under control, to do a good job in carrying out structural readjustment, to strive to maintain a basic balance between total social demand and supply, and to enable the national economy to achieve consistent, stable, and harmonious development.

Efforts should be made to uphold the principle of regarding the task of increasing economic results as a central work; to vigorously launch the campaign of increasing incomes and curtailing expenses; and to bring about the obvious improvement of economic results in the fields of production, construction, and commodity circulation.

Efforts should be made to uphold the principle of fixing the spending budget in line with the revenues and keeping expenses within the limits of income, to enhance the management over financial and tax revenues, to further enliven the funds, to expand the circulation channels, and to continuously create favorable conditions for developing production.

Efforts should be made to uphold the principle of building the two civilizations simultaneously and to make efforts to develop the undertakings of education, science and technology, and culture while successfully carrying out the material civilization in order to continuously achieve improvement in the people's material and cultural lives.

The major targets of the arrangements for the plan are as follows:

Total industrial and agricultural output value is 72.05 billion yuan, a 6.20-percent increase over the 1986 figure. Of this increase, that in agricultural output value is 4 percent and that in industrial output value is 7 percent.

National income is 39.66 billion yuan, a 5.8-percent increase over the 1986 figures.

The gross national product is 45.3 billion yuan, a 6-percent increase over the 1986 figure.

Social labor productivity should show a 3-percent increase over the 1986 figure.

Comprehensive energy consumption paid from the national income should show a 3-percent decrease over the 1986 figure.

According to the forementioned guiding ideology and targets, the province's concrete arrangements for the economic and social development plan of 1987 are as follows:

1. The Economic Development Plan for the Rural Areas

Efforts should be made to implement the principle of never relaxing vigilance in grain production and actively developing a diversified economy, and to realistically enhance the affairs concerning agriculture to ensure grain production to score a stable increase. Total agricultural output value is 17.88 billion yuan, a 4-percent increase over the 1986 figure; total grain output is 20.25 million tons, a 3-percent increase over the 1986 figure; total cotton output is 670,000 tons, a 32-percent increase over the 1986 figure; total oil-bearing seed output is 750,000 tons, a 21.4-percent increase over the 1986 figure; total meat output is 920,000 tons, a 2.2-percent increase over the 1986 figure; and total afforestation acreage is 300,000 hectares, a 12.4-percent increase over the 1986 figure. In order to develop the rural economy in an all-round way and to ensure the production of grains, cotton, oil-bearing seeds, and other cash crops to score a stable increase, a good job should be done in fulfilling the following six tasks this year: First, efforts should be made to earnestly implement the spirit of Central Document No. 5, to deepen the drive to conduct reforms in the rural areas, to improve the fixed-quota purchase system, and to bring the enthusiasm of peasants into play by implementing policies. The province has again and properly upgraded its standards on the basis of conducting the "three combination" set forth by the central authorities among the contract grain purchase system, the diesel and fertilizer supply at parity prices, and the deposit money of purchase orders. Second, efforts should be made to uphold the principle of developing the economy with the joint action of the state, collectives, and individuals; to encourage the broad masses of peasants to increase their accumulations through labor work; to vigorously build or repair the water conservancy facilities; and to improve the conditions of agricultural production. The province plans to renew or newly sink 45,000 wells, to build 5 million meters of moisture-preserve systems, to score a 47,000-hectare increase of new irrigated farmland, and to repair the irrigation systems on 146,000 hectares of farmland.

Third, we should grasp the popularization and application of agricultural science and technology well with a focus on popularizing the technology of expanding the farming acreage of fine seeds, plastic sheeting covering, pattern cultivation [Mo shi hua 2875 1709 0553], and water saving for dryland farming. Fourth, we should do a good job in building commodity bases. The province should grasp the building of 9 corn production-base counties, 14 quality wheat-base counties, 9 quality cotton-base counties, 6 paddy-base counties (farms), and 4 barley-base counties and lean-meat hogs, beef cattle, and mutton sheep and animal products bases. Fifth, we should vigorously develop township enterprises and strengthen agricultural support given by all trades and professions. Under the plan, the total output value of township enterprises throughout the province should reach 24.5 billion yuan, up more than 10 percent over the previous year. Localities with favorable conditions should support agriculture with industry. In line with the needs of agricultural production, agriculture-oriented industry should strive to increase the production of chemical fertilizer, agricultural chemicals, plastic sheeting, and small and medium-sized farm machines and equipment. The commercial, supply and marketing and supply departments should organize industrial goods to the rural areas, do a good job in purchasing farm and sideline products, and provide timely information to peasants and strengthen commodity exchange between the urban and rural areas. In granting credit to the rural areas, the banking departments

should strive to provide conveniences to peasants. The scientific, technological, and educational departments should adapt themselves to the demands of the rural areas, help them train personnel, transfer technology, actively organize people to implement the "spark plan," gradually establish and continuously improve service systems in the rural areas, and promote the development of the rural commodity economy. Sixth, we should continue to speed up the development of economically undeveloped areas, let them implement preferential policies, do a good job in helping the poor and sending relief, and gradually improve the outlook of these areas.

## 2. The industrial production plan

The focus of this year's industrial production should be on actively readjusting the product mix, continuously improving the superiority of the energy and raw material industries, and accelerating the development of the light and textile industry. Under the plan, the total industrial output value should be 54.17 billion yuan, up 7 percent over the previous year.

The focus of the energy industry should be placed on strengthening the development of coal, power construction, and oilfields. In coal development, it is necessary to grasp the ongoing projects of the 10 pairs of coal pits in the Kailuan, Fengfeng, Handan, and Xingtai coal mining areas. Under the plan, the additional coal mining capacity should be 2.2 million tons. The planned raw coal output should be 600 million tons, of which 42.5 million tons should be from the state unified distribution mines, and 17.5 million tons from the local mines. In the power industry, this year we should grasp the construction of the No. 8 generating units of the Douhe power plant with a capacity of 200,000 kw, the No. 3 generating units of the Xingtai power plant with a capacity of 200,000 kw, the No. 9 generating units of the Xiahuayuan power plant with a capacity of 200,000 kw, the No. 6 generating units of the Baoding thermal power plant with a capacity of 25,000 kw, and the No. 3 generating units of the Fengrun power plant with a capacity of 25,000 kw. Meanwhile, we should accelerate the progress of the Shangan power plant and the project of building 13 power transmission and transforming lines, and grasp the construction of a number of small hydroelectric and thermal power stations. Under the plan, this year we should generate 29.7 billion kWh of electricity, up 11.5 percent over the previous year. Continued efforts should be made to strengthen petroleum prospecting work and to discover new reserves. According to the plan, the crude oil output should be 8.2 million tons.

In the raw materials industry, we should mainly grasp the construction of the blast furnaces of the Tangshan and Xuanhua Iron and Steel Companies each with a volume of 1,260 cubic meters, the construction of the Bangmoshan, Luanshigou, Jinbeizhuang, and Zhijiazhuang iron mines, and the Fanshan phosphorous mine, the Shujiazhuang coking plant, and the Tangshan soda plant, and ensure the operation and production of the subsidiary projects of the Chengdu Iron and Steel Plant. Meanwhile, we should do a good job in preparing for the transformation of the Handan Iron and Steel Company and the second-phase project of the Jidong cement plant. Under the plan, the output of iron ores should be 16.31 million tons, that of pig iron, 3.26 million tons, that of steel, 2.52 million tons, that of rolled steel, 2.14 million tons, that of coke, 2.7 million

tons that of plate glass, 7.6 million heavy cases, and that of cement, 8.7 million tons. The production of some major raw materials should also increase at a varying degree over the previous year.

In the light and textile industries, the focus should be placed on increasing brand-name and quality products, developing new products, deepening the processing of products, and accelerating the readjustment of product mix. Under the plan we should produce 1.38 million bundles of cotton yarn, 1.02 million meters of cloth, 800,000 cartons of cigarettes, 350,000 tons of machine-made paper, 820,000 to 1.5 million bicycles, 800,000 wrist watches, 400,000 television sets, 300 million ceramics, 180,000 tons of beer and 55,000 tons of canned food. In order to accelerate the readjustment of the light and textile industrial structures and to alleviate the contradictions between supply and demand, we should grasp the following few tasks. First, concentratively conduct technological transformation among some elected light and textile industrial enterprises. The investment in technological transformation among light and textile industrial enterprises should account for about 40 percent of this year's total investment in technological transformation. Textile industry should concentratively bring into play its cotton spinning advantages to increase the production of high-quality pure cotton and knit yarn and to raise the quality of printing, dyeing, and knitting. Simultaneously, we should accelerate the development of chemical fiber and wool spinning trades and prominently grasp the production of clothes and finished textile products. With regard to development of light industry, we should concentratively grasp technological transformation among a group of enterprises engaged in production of pottery and porcelain, food, plastics, paper, and machines for daily use in an effort to help these enterprises upgrade products quality and processing quality. Second, we should accelerate the development of new products. Enterprises at or above the prefectural and city level should plan to develop 1,500 new products this year. Of these, 20 products should be developed to fill the gaps in China. Third, we should readjust purchasing and marketing policies, carry out the method of high prices for quality products, and continue to decontrol the prices of small commodities. Enterprises are allowed to fix, according to the changing situation of markets, the prices of some seasonal products whose demands are rapidly changeable, such as clothes, shoes, and hats, in order to make the product mix be suitable to the consumption structure.

The machinery, electronics, and medical trades have arranged their production targets according to market demands.

In light of the demands of increasing production, practicing economy, increasing revenue, and reducing expenditure, the industrial front has made specific arrangements for fixing targets for increasing economic results while working out its industrial production plan.

### 3. Plan for investment in fixed assets

The state preliminarily arranged 5.126 billion yuan of investment in fixed assets of the province's state units this year. Of this, investment in capital construction is 3.426 billion yuan, a reduction of 2.8 percent from the figure

set forth in last year's plan. The investment in technological transformation among local state units is 1.7 billion yuan, an increase of 4.0 percent. According to the plan, 63 large and medium-sized capital construction projects and key technological transformation projects are arranged. Of this, 29 projects should be put into operation and should be made available to users this year, including Kailan's Qianjiaying and Fangezhuang mines, Douhe powerplant, Xingtai powerplant, Xiahuayuan power plant, Boading powerplant, Fengrun power plant, Tangshan rolling stock plant, Qinhuangdao port's Bingding wharf, road between Shacheng and Donghuishe, Chengde steelworks, Xishimeng ironworks under the Handan Metallurgical Mining Bureau, the first Handan cotton spinning mill, Tangshan cotton spinning mill, Yaohua glass fiber plant, and the first Zhangjiakou tannery. Simultaneously, arrangements have been made for early-stage preparatory items of nine projects directly related to the actual strength of the province's economic development, such as the project of diverting Huang He water to the province, Taolinkou reservoir, Hebei Jidong steelworks, Sijiyang iron ore, Qinhuangdao acrylic fiber plant, Qinhuangdao port's Wuji wharf, Weixian colliery, Qinhuangdao powerplant, and thoroughfare to deliver Shenfu coalfield's coal to other places.

Of the investment in capital construction, the investment in local projects is 778 million yuan. Of this, investment collected by the province under a unified plan covered by the state budget is preliminarily arranged as 157 million yuan, local investment is 428 million yuan, special funds gained by substituting coal for oil are 31 million yuan, foreign capital is 63 million yuan, bank credit is 29 million yuan, and investment from surplus funds for restoration of Tangshan earthquake disasters is 70 million yuan. No basic arrangement has been made for new construction projects since the investment covered the unified local budgetary plan only ensures the construction of ongoing projects due to the province's strains on financial resources. The number of ongoing projects of the departments will be determined according to their investment since the situation of their ongoing projects is different. The number of ongoing projects of some individual departments will increase while that of most of the departments should be decreased.

On technological transformation. First, clearly define targets for technological transformation. We should focus technological transformation closely on developing the varieties of products, upgrading the quality of products, improving methods and technologies, and raising labor productivity. Second, grasp technological transformation among key units. We should conduct technological transformation prominently among large and medium-sized key enterprises, large profit-earning enterprises, and the enterprises that can earn foreign exchange through exports. This year, we should concentratively grasp the construction of 15 technological transformation projects and strive to ensure the completion and operation of these projects by the end of this year.

First, strictly control the scale of investment. We must strictly implement the investment plans assigned by the state and the province, must not exceed the scales of investment fixed by the state and the province, or must not develop extra-budgetary projects.

Second, in line with the "three-ensure and three-reduce" principle, we should give priority to ensuring the construction of key projects and projects which are scheduled to go into operation this year when making arrangements for human, financial and material resources. With the aim of further reducing the construction of nonproductive projects, those office buildings, auditoriums and hotels whose construction has not yet started should all be prevented from beginning, and those whose construction has already started should all be reviewed one by one. We should cancel, postpone, or lower the standards of the projects as they deserve so. In housing construction, we should also act according to our capabilities.

Third, we should strive to raise investment efficiency. In this regard, priority should be given to the reform of designing work and to solving the overly high standards for construction. We should improve construction management, further popularize and perfect the bidding contracted responsibility system, shorten the construction period, and improve construction quality. We should revise and consolidate various standards for charge collection and correct the unreasonable collection of fees. We should strengthen the appraisal for various construction projects, and gradually bring the investment policy-making into the orbit of scientific and democratic work.

#### 4. Financial and Banking Plans

This year the state has set the province's revenue target at 5.77 billion yuan, an 11.5-percent increase over the previous year. In addition, the central authorities will borrow 341 million yuan from our province. This target has already been assigned to various localities, and efforts should be made to fulfill it. Meanwhile, giving consideration to the relatively poor factors for reduced revenue this year, and with an aim to provide a positive and reliable basis for this year's revenues and expenditures, the province has budgeted guaranteed revenues at 5.444 billion yuan, up 6.4 percent over the previous year. The focal points of this year's financial work are: further improving the financial system, strengthen tax collection and management, enforcing financial and economic discipline, tapping the potentials in increasing production and practicing economy, striving to increase revenues, exercising strict control over expenditures, striving to achieve a balance between revenues and expenditures, fulfilling the money-lending task assigned to our province by the central authorities, and giving support to economic construction.

In terms of credit, we should mainly further reform the banking system and strengthen and improve macroeconomic control. Continued reports should be made to invigorate the money market, raise more funds, and raise the efficiency in utilization of funds. According to preliminary arrangements, savings deposits of various banks should increase by 3.528 million yuan, or 14.8 percent over the previous year; and the amount of various loans should increase 4,195 million yuan, or 13.9 percent. The money supplied should reach 2 billion yuan.



At the same time, the state has assigned to our province the tasks of subscribing for 267 million yuan of treasury bonds and issuing 180 million yuan worth of bonds for supporting construction of key projects and 132 million yuan worth of enterprise bonds. Before assigning these tasks, the province has arranged 263 million yuan of bonds for building the Shangan Power Plant, the Tangshan Soda Plant, the Shijiazhuang Kinescope Glass Plant, the Changde Iron and Steel Plant and the Xingtai Power Plant, which are being built with the joint investment of the province and the state. This year our province's task for raising funds is very arduous. The provincial People's Government is making concrete arrangements for it. To ensure the construction of the state key projects, various prefectures, cities, departments and grassroots enterprises should make concerted efforts to ensure the fulfillment of the tasks on schedule.

#### 5. Domestic and Foreign Trade Plan

In 1987 the total volume of retail sales is budgeted at 26.3 billion yuan, a 14.2-percent increase over the previous year. This includes the 15 percent increase in the sales of consumer goods, and the 9.9 percent increase in the means of agricultural production. Viewing the purchasing power and the commodities supplied, there is still a tension on market supply. There is a lack of 900 million yuan worth of commodities on market. Therefore, in mapping out the plan, we have first emphatically mobilized commercial and supply and marketing departments at all levels to actively organize the sources of goods, to strengthen the commodity purchases, and to import an appropriate amount of readily marketable commodities. Second, we have mobilized these departments to continue clearing circulation channels, to rationalize wholesale links, and to set up wholesale networks with a reasonable structure in a step-by-step manner. Third, we have mobilized them to develop lateral cooperation, to develop new commercial centers, to expand purchasing and marketing through directly sending plants' products to shops and selling their products on a commissioned basis, and to enliven both urban and rural markets. Fourth, we mobilized state commercial units to bring their dominant role into full play by enthusiastically participating in market regulation, keeping commodities stored when they are in ample supply and marketing them when they are urgently needed, and keeping prices stable.

Efforts should be made to actively expand trade and economic and technical exchanges with foreign countries, to accelerate the pace of developing the economy and technology in Qinhuangdao special economic zone, and to bring the "showcase" role of the economic zone into full play. In 1987 the state has conducted reforms in the foreign exchange systems, and 15 major materials originally covered by the state unified import plan have been allowed to be imported by local units by using their retentions of foreign exchange. Materials which can be imported by our province are worth \$50.06 million. This has added to the local burden of spending the retained foreign exchange. The province's 1987 plan approved by the state for spending the foreign exchange on imports, the arrangements in the plan remain strained. The key to dealing with the contradiction between foreign exchange demand and supply lies in expanding exports, earning more foreign exchange through exports, and

doing a good job in conducting management over foreign exchange. The province plans to export sundry goods worth \$748 million this year, a 10.5-percent increase over the 1986 figure. However, the province will strive to surpass the plan practically. In order to earn more foreign exchange through more exports, the province plans to adopt the following four measures: First, efforts should be made to continuously give preferential treatment to the enterprises which have earned foreign exchange through exports, such as Renminbi bonuses, tax reductions, and foreign exchange retention. The province will give 3-cent-renminbi bonus for \$1 of foreign exchange earned through exports by enterprises and will cancel the method of having the trade enterprises share the losses. Second, efforts should be made to appropriate a certain sum of local foreign exchange retention for supporting the key enterprises which have maintained their export production by importing outside materials. Third, a good job should be done in building the production bases and specialized plants and workshops of export commodities and making priority arrangements for the production of machinery, electric, and other export commodities enjoying brisk sales in the international markets in the fields of funds, energy resources, foreign exchange, and raw materials in order to further reinforce their export capability. Fourth, efforts should be made to improve the management over the usage of foreign exchange, to successfully readjust the surplus and shortage, and to deal with the major problems cropping up in both production and construction.

While earning more foreign exchange through exports, efforts should be made to import advanced technology. Special attention should be paid to importing complete sets of key equipment and software technology and accelerating the pace of assimilating or mastering the imported technology so as to upgrade the technical and equipment standards of enterprises throughout the province.

#### 6. The Plan for Materials Distribution

Along with the expansion of scope in regulating markets, the majority of material targets assigned by the state to the province for 1987 show a decrease over the 1986 figure. Of these targets, steel product is 272,500 tons, a 13.6-percent decrease over the 1986 figure; timber is 536,800 cubic meters, a 17.26-percent decrease over the 1986 figure; cement is 245,200 tons, a 3.5-percent decrease over the 1986 figure; and soda ash is 101,200 tons, a 16-percent decrease over the 1986 figure. Owing to the decrease of materials covered by the state unified distribution plan, we should chiefly give priority to protecting the capital construction projects in making arrangements for the distribution plan, to saturating the demands of technical renovations and mandatory production, and to taking proper care of the farm and light industrial product markets. Material supply related to general production and construction will be chiefly dealt with by regulating markets. To relieve the contradiction between material demand and supply, we should chiefly develop production and enliven material circulation. We should adopt every possible means to organize the enterprises of steel products, cement, nonferrous metal, and fertilizer throughout the province to increase their output. In dealing with the sharper contradiction in steel product supply, the enterprises run by the central authorities in the province should give their surplus products to

the province as much as possible. By bearing in mind our local conditions, we should popularize the experience gained by Shijiazhuang City in steel product markets and expand the markets of means of production. Efforts should be made to actively organize the sources of goods, to conduct the undertaking of a "steel product reserve," to enhance the readjustment between material surplus and shortage, to improve the measures of material supply by reducing unnecessary intermediate links, and to upgrade the proportion of honoring the material supply contracts and directly delivering materials to the consumers. Meanwhile, we should speed up deals in importing outside materials so as to saturate the demands of both production and construction.

## 7. The Plan for Science and Technology

According to the arrangements set forth by the Seventh 5-Year Plan for science and technology, the 1987 emphasis for scientific and technological work is placed on carrying out economic construction and emphatically conducting research on application and exploitation. In line with the demand of enhancing technical renovations in agriculture and the traditional industrial production, we should firmly grasp the task of overcoming the scientific and technological difficulties at all levels and the key technical problems which need to be solved urgently among the industrial districts and the enterprises of light and textile industries, electric machines, building materials, microelectron, as well as among the circles of the application of biotechnology and others. We should also vigorously organize the departments to enforce the "spark plan" and do a good job in popularizing and applying the scientific and technological results. In 1987 the province plans to carry out 40 key projects of overcoming technical difficulties, 30 projects of applied foundation and soft science, 30 exploitation projects set by the "spark plan," and 100 projects of popularizing the scientific and technological results. In carrying out the "spark plan," 20 complete sets of applicable technologies and equipment should be studied and developed for township enterprises, 60 township enterprises with advanced technology and management, and a wide range of influence should be established for demonstrative purposes, 20 commodity production bases whose work ranges from utilization of local resources to intensive processing of products should be made successful, and 50,000 backbone technical and managerial personnel should be trained for township enterprises so that the technological foundation for the rural economy can be reinforced.

In accelerating the development of science and technology, the most important thing is to successfully reform the scientific and technological structure and fully arouse the initiative of scientific research units and scientific and technical personnel. Following the State Council's several regulations on further facilitating the scientific and technological reform, we should do active work to establish and improve technology markets to commercialize scientific and technological results at a quicker pace; encourage independent scientific research and designing units with technological development as their major task to join enterprises or enterprise groups so as to promote the cooperation between scientific research units and production units at various levels and with various measures; continue to expand the autonomy of scientific research institutes and enforce the director responsibility system; and

actively popularize the system under which scientific and technical personnel will be paid for the scientific research projects they undertake on a contract basis, and the research task contract responsibility system, and formulate and improve awarding policies to encourage them to go to rural areas and plants and to facilitate their rational transfer. In this way, we will be able to create a good environment for them to play their role and promote the close coordination between science and technology on the one hand, and the economy on the other.

#### 8. Plans for Education

In line with the requirements for making intellectual development and personnel training commensurate with economic construction, this year we plan to enroll 17,600 students in regular institutions of higher learning, 118 more than the previous year; 31,444 students in secondary specialized schools, an increase of 1,590; 912,000 students in ordinary middle schools, an increase of 76,200; 50,000 students in agricultural and vocational schools, an increase of 7,762; and 55,000 students in adult schools. In developing education and successfully training personnel, we should continue to reform the education system and improve education quality. In addition to this, we should, first, strengthen elementary education and enroll more children in primary schools, make them attend school regularly, and enable more of them to attend the school of higher grades. We should also do a good job in the training of teachers and gradually popularize 9-year compulsory education in more areas. Second, we should conscientiously strengthen the ideological and political work of the schools at various levels and of various categories, uphold the four cardinal principles, oppose bourgeois liberalism, attach importance to social practice, and advocate the wide contacts of students with society. We should popularize the experiences of the Hebei Agricultural College in integrating teaching, scientific research and social practice, and train a great number of urgently needed qualified personnel to serve the need of society and economic construction. Third, we should make adult education successful and carry out large-scale technical training for rural junior and senior middle school graduates. We should also intensify the technical training for staff members and workers. We should work out specific plans for the training and carry them out step by step in corresponding with the upgrading of enterprises so that the professional competence of staff members and workers can be improved continuously. Fourth, we should implement rural education reform with great efforts, vigorously develop vocational and technical education at the junior middle school level, and make a success of the work of the three pilot counties of Wanxian, Yangyuan and Qinglong.

#### 9. Plans for Social Development

Culture, art, press, publication, radio, film and television departments should shoulder a heavy responsibility for building the socialist spiritual civilization. They should uphold the four cardinal principles, adhere to the correct political orientation, publicize party principles and policies, actively plunge into the struggle against bourgeois liberalism, and regard social benefit as the ultimate criterion to provide more and better intellectual products to

the masses and inspire them to devote themselves to reform and construction. According to this year's plan, 1.11 billion pages of printed materials [yi bai yi shi yi wan qian yin zhang 0001 4102 0001 0577 0001 8801 0578 0603 1728] will be published, 26 ground satellite stations will be built, and the television coverage of the province will reach 80 percent.

We should continue to develop public health. The province plans to increase sickbeds by 3,400, and professional health workers by 7,500 to make their number reach 202,500. This year marks a speak birth period in the Seventh 5-year Plan period. We should continue to strictly control the population growth. According to our plan, the natural population growth will be 14 per thousand, and the year-end number of population will be kept within 56.93 million.

We should extensively carry out mass sports activities and raise the level of full-time athletes. This year we plan to build 209 sports grounds and stadiums, hold more than 2,900 sports events at and above the county level, and strive to make our athletes achieve good results in the sixth national games.

#### 10. The Plan for Labor Wages

The 1987 new laborer quota approved by the state for the state-run units throughout the province is 81,000 persons, chiefly including graduates of higher educational institutions and secondary specialized schools and retired and demobilized army men. We should supply a part of workers recruited from society to first saturate the manpower demand for the major projects of construction and expansion and for new plants. Efforts should be made to bring manpower usage outside the plan under strict control. In order to enhance macro-management over the cadre rank, we should bring the staff increase of the administration units and institutions under strict control. Units which actually need to increase their staff should select candidates from among their cadres, and no one is allowed in principle to recruit new cadres from the society.

The wages bill of the state-run units in 1987 will be 3.57 billion yuan, an 8-percent increase over the 1986 figure. To enhance or improve the macro-management, all state-run enterprises which have enforced the wages system connected with economic results should fulfill the target set by the system for workers' wages.

Efforts should be made to further consolidate labor organizations, to strictly enforce labor discipline, and to uphold the system of fixed quota in both staff and wages. The 1987 labor productivity of the state-run industrial enterprises will be 13,537 yuan, a 4-percent increase over the 1986 figure. The proportion of newly increased output value scored by the newly increased labor productivity will be more than 60 percent. The labor productivity of the enterprises of construction, communications, and transportation should also score a greater increase.

## 11. The Plan for the People's Livelihood

In 1987 on the basis of achieving stable development in production and increasing economic results, the province will continuously improve the livelihood of both the urban and rural people. According to the state's unified arrangement, the province will not carry out wages readjustment on large scale, and will chiefly make arrangements for the enterprises, organs, establishments, and units which must raise their workers' wages. The yearly per-worker wages set by the plan is 1,355 yuan, a 6.9-percent increase over the 1986 figure. In 1986 the province suffered serious natural disasters in agriculture, which have directly affected the peasants' income. In order to realistically ensure the continuous improvement of the people's livelihood, in 1987 the state and province will increase the special loans with interest subsidies for the poor areas to develop their economy, which will be contributive to helping the poor areas to develop a diversified economy, to open revenues for getting wealthy, and to increase their income. The per-peasant net income set by the plan is 435 yuan, a 7-percent increase over the 1986 figure.

While increasing the incomes of both the urban and rural people, attention should be paid to correctly directing consumption, bringing the irrational increase of consumption funds under control, and to continuously adopting effective measures to maintain the basic stability of market prices. The increased scale in the general price index of retail commodities will be restricted within 5 percent this year.

## III. A Good Job Should Be Done in Grasping the Two Major Tasks and Striving to Fulfill the 1987 Plan.

The State Council has pointed out that in conducting the economic work in 1987, a good job should be done in emphatically grasping the following two major tasks: One is to stress the spirit of waging arduous struggle and building up the country through thrift and hard work among various industries and trades throughout the country, to foster the social morale of making more contributions and strictly observing the discipline, and to extensively launch the campaign of increasing production and practicing economy as well as of increasing incomes and curtailing expenses. The other is to continuously deepen the drive to conduct reforms and to emphatically reinforce the agricultural reserve strength and enliven the enterprises. These tasks not only have a vital bearing on the whole situation of economic work, but also are the fundamental guarantee for fulfilling the 1987 plan. The 1987 tasks in the province's economic work are very arduous and a great deal of work in the tasks should be done within the year. However, only by successfully grasping the two tasks can we achieve consistent, stable, and harmonious development in the national economy, further score an increase in economic results, and push forward the economic work throughout the province.

### 1. Continuously Deepen the Drive To Conduct Reforms in the Economic System.

Practice has shown that the most fundamental measure for promoting the development of social productive forces and adequately dealing with various contradictions is the drive to conduct reforms. In order to deepen the drive to conduct reforms in 1987, a good job should be done in grasping the following four tasks:

A. Firmly grasp the implementation of policy measures for invigorating enterprises.

Over the past few years, the state and the province have provided many external conditions for enhancing enterprises' vitality and have formulated a series of policy measures for invigorating enterprises. However, these policy measures have not been implemented completely. Therefore, we should concentrate this year's reform on implementation of these policy measures. The provincial government has asked all prefectures, cities, and departments to conduct an overall inspection to find out the problems cropping up in the course of implementation and to adopt measures for solving the problems one after another.

B. Enterprises should turn their eyes inward to achieve their inherent reform.

No new measures for reducing taxes and conceding benefits to enterprises will be worked out in this year's reform work due to the restriction of the state financial-bearing capacity. However, enterprises should turn their eyes inward to deepen their inherent reform.

First, comprehensively carry out the plant director responsibility system and accelerate the reform of enterprise leadership system. This year large and medium-sized state industrial enterprises should generally carry out the plant director responsibility system. The enterprises that have started to implement the system should further perfect the system in line with the requirements of the "three regulations." Organizational readjustment must be made as soon as possible for the plant party and administrative leaders who cannot cooperate with each other due to bad relations. Small state enterprises should enthusiastically create conditions for carrying out the plant director responsibility system. The enterprises that are carrying out the system should correctly handle the relations among administrative personnel, party organizations, and staff and workers' congresses to make them closely cooperate with and support each other, to guarantee plant directors' policymaking power to dealing with enterprises' major production and management issues, and to enable plant directors to play a key role in dealing with enterprises issues. Simultaneously we should try as soon as possible to set up administrative committees for collectively discussing the major issues concerning enterprises' production and management and for helping plant directors realize policymaking according to scientific methods and achieve all work of enterprises.

Second, improve the enterprises' operational mechanisms. In line with the principle of separating ownership right from management rights, enterprises should carry out various forms of management contract responsibility systems; undertake on a contract basis economic responsibility assigned by the state; fix duties, rights, and interests for enterprise managers; and fully arouse the managers' enthusiasm. This is the key to invigorating enterprises. Enterprises that are carrying out the plant director responsibility system should carry out on a trial basis the system of plant directors being

contracted for fulfilling fixed targets during their terms of office. Large and medium-sized enterprises that are suitable for designating small accounting units should initiatively create conditions for carrying out the methods of dividing management rights among each level and each level being contracted for fulfilling fixed targets. The enterprises that are carrying out the method of linking wage bills with the profits and taxes handed over the higher levels are allowed to reduce the wage regulatory tax rates in line with the wage increase rate. We should select in a planned manner a group of enterprises to carry out the management responsibility system on a trial basis. Small state enterprises that earn small profits or are running losses should carry out trial leasing management in a planned manner. Simultaneously, through selections, a small number of enterprises are allowed to carry out fixed assets management responsibility system and stock-sharing management system on a trial basis. All collectively owned enterprises should carry out independent accounting to assume sole responsibility for their profits or losses, carry out democratic management, and resolutely stop the practices of indiscriminately copying the patterns of state enterprises. Simultaneously, we should enthusiastically explore other forms of management contracts to enhance managers' sense of responsibility.

Third, improve the enterprises' inherent distribution system to fully arouse the enthusiasm of producers, dealers, and purchasing and marketing personnel. We should resolutely link staff and workers' wages and bonuses with the quantities and quality of products, consumption, management funds, and capital use. On the premise of not exceeding the state fixed wage bill, enterprises are allowed to determine by themselves the methods of wage and bonus distribution. Thus, plant directors' personal income should be determined in accordance with the targets fixed during their terms of office. The plant directors who comprehensively fulfill contracted targets fixed during their terms of office are allowed to accept income 100 to 300 percent higher than the average income of staff and workers. Those who have made outstanding contributions can receive an income even higher than this. Similarly, reduction of personal income should be imposed on those managers who fail to fulfill fixed targets. In order to enhance the construction of the ranks of purchasing and marketing personnel, we should carry out the method of linking payment with labor efficiency to fully arouse the enthusiasm of purchasing and marketing personnel and to send more products to markets.

C. We should greatly promote lateral economic cooperation.

We should further implement the policies of delegating power to lower levels and giving preferential treatment to foreign firms, and pay attention to completing the projects for which contracts have already been signed. We should continue to organize and establish a number of new enterprise groups with large and medium-sized ones as the mainstay, which are led by those producing good-quality and brand-name products. We should give play to the leading role of technological cooperation and enable scientific research units and production units to cooperate more closely. We should consolidate and develop regional cooperation and urban-rural cooperation, and eliminate the barriers between different regions and departments. We should continue to



explore new forms of cooperation and expand them in both quality and range. Through cooperation at various levels and with various measures, we should increase our economic strength and accelerate our economic development.

D. We should continue to deepen rural reform.

We should continue to implement the guidelines of Document No. 5 of the central authorities, deepen the second step of reform, and establish and improve a network of multilevel socialized service units of various economic sectors and management methods. We should further perfect the farm product purchasing and marketing systems, open up more circulation channels, make a success of the reform of rural credit cooperatives, and promote the rural commodity economy.

While deepening economic structural reform, we should gradually carry out the reform in scientific and technological, and educational structures in a coordinated manner successfully so as to develop social productive forces.

2. Launch the Campaign to Increase Production, Practice Economy, Increase Revenues and Reduce Expenditures Extensively.

At present, the problem of poor economic and social benefit exists to varying degrees on various fronts and in various spheres of our province. Some of our major economic and technological targets have not reached the national average levels. In addition, the phenomena of ostentation, waste, and extravagance are very serious. Leaving such a situation unchanged, the ongoing economic structural reform will encounter extremely great difficulties, the building of the socialist spiritual civilization will be seriously affected, and the entire plan for national economic and social development will be difficult to fulfill. Therefore, we should follow the arrangements of the central authorities to regard the campaign to increase production, practice economy, increase revenues, and reduce expenditures as a central task for this year's economic work, unfold the campaign extensively and thoroughgoingly in the urban and rural areas and on all fronts throughout the province, fully tap potentials to increase economic and social benefit, and strive to maintain a sustained and stable development in the national economy and social undertakings.

In carrying the campaign, the key lines in grasping major areas. Increasing production and revenues refers mainly to greatly adjusting the product mix, improving product quality, accelerating the development of new products, producing more readily marketable products and products for exports to earn foreign exchange, and increasing revenues and foreign exchange earnings. Practicing economy and reducing expenditures refer mainly to reducing materials consumption, raising labor productivity, expediting the turnover of funds, and economizing on spending for various purposes. This year, the following work should be done on a priority basis.

First, we should pay attention to adjusting product mix and exert great efforts to produce more readily marketable goods. In agriculture, while ensuring a steady growth in grain production, we should actively expand

diverse undertakings and township enterprises and strive to increase production and income. We should further accelerate the development of new manufactured goods, upgrade product quality, and increase varieties and patterns. This year emphasis should be placed on increasing the production of 40 energy products, raw materials in short supply, and readily marketable light industrial and textile products, and strive to improve to a fairly great extent the varieties, quality, and output of electricity, raw coal, rolled steel, cement, cloth, color televisions, and cigarettes.

Second, we should exert great efforts to put an end to deficits and increase profits, with the focus placed on units which make large profits and those which suffer great amounts of deficits. At present, among the provincial budgetary industrial enterprises, 48 can make a profit of more than 10 million yuan a year, and 72 suffer a deficit of more than 500,000 yuan a year. With regard to the enterprises which make large profits, we should give them guidance and assistance according to their specific situations in a planned manner and provide them with energy resources, raw materials, funds, and means of transportation on a priority basis so that they can operate to full capacity. With regard to loss-making enterprises, we should analyze the reasons for their deficits one by one, adopt effective measures, and the method of "fixing deficit quotas, subsidizing not the enterprises which exceed the quotas, and allowing those which reduce their deficits to retain the reduced amount for their own use," and order enterprises to put an end to deficits within a given period of time. According to the plan, industrial enterprises are required to reduce their deficits by 30 percent, and commercial enterprises by 20 percent.

Third, we should strengthen enterprise management, and strive to lower production cost. 1. We should exercise strict quality control, establish a quality supervision and guarantee system, and reject substandard products so as to make more products reach the standards, or rated as good-quality goods. The steady improvement rate of the quality of the major industrial products of our province is planned at higher than 80 percent. 2. We should greatly reduce material consumption. This year we should focus on reducing the coal, electricity, oil, water, gas, and rolled steel consumption of power, metallurgical, coal, chemical industrial, paper-making, and machinery enterprises. The plan calls on the industrial enterprises of the province to reduce their material consumption by 2 percent, make the steady reduction rate of the material consumption for producing major products exceed 70 percent, drop their energy consumption for per 10,000 yuan of output value by 3 percent, and save 1 million tons of standard coal in the year. 3. We should strengthen labor management, best utilize work hours and equipment, and further raise labor productivity. 4. We should expedite the turnover of funds, enforce the fund management responsibility system, and assign the fund quotas and turnover period reduction targets to every relevant office, workshop, warehouse, and punish or award staff members and workers according to their performance in fulfilling these quotas and targets so that the enthusiasm for managing money of those who use the money can be aroused. The turnover period of the circulating funds of the industrial enterprises throughout the province is projected to be 3 to 5 days shorter. 5. We should strengthen the marketing of

enterprises, and continue to popularize Xinle County's experiences of assigning "five quotas and one contract" to purchasing and marketing personnel, and of cooperative purchasing and marketing to boost the enthusiasm of purchasing and marketing personnel. This year the province's income from the marketing of products is planned to increase by more than 10 percent, and the amount of funds tied up in the manufactured goods in stock is planned to reduce by 1 to 2 percent, the production cost of comparable products of industrial enterprises by 2 percent, and the commodity circulation funds by 2 percent.

Fourth, we should do a good job in maintaining an inventory to dispose of overstocked goods, and in comprehensively utilizing natural resources. Through enforcing the responsibility system, we should define rational amounts of stock of enterprises, dispose of the overstocked goods by selling them, using them to exchange for other goods, using them as substitutes, reducing their prices, transferring them to other units so as to reduce the overstocked goods to a great extent.

Fifth, we should be strict in spending, and oppose waste and extravagance. Administrative units and institutions are not allowed to increase their expenditures for the extra personnel they employ, and should transfer the personnel from the units which have excessive personnel if their staff sizes are too small. They should greatly conserve and reduce administrative funds, and reduce any spendings that can be reduced. Administrative units at all levels should cut down on their funds for public purposes by 20 percent based on the actual spendings of last year. They are allowed to retain the reduced amount for their own use, but will not be subsidized if they exceed the quotas. Institutional purchases should be brought under strict control. All administrative organs are not permitted to buy extra vehicles, and should strictly control the purchases of other commodities.

Sixth, we should carry out extensive activities of offering suggestions to rationalize production and technical transformations, mobilize and organize the masses to discover the weak links, disparities, and loopholes in production and management, and to suggest ways and means to eliminate them, and launch large-scale socialist emulation drives to achieve the targets for increasing production and revenues, and reducing material consumption and expenditures. We should create a powerful public opinion that honors production increases and frugality, and that is ashamed at waste and extravagance, and establish among the people throughout the province a good social conduct of plain living, arduous struggle, building up the country through thrift and hard work, making more contributions, and abiding by discipline.

Fellow deputies, our province's present economic situation is very good. Although there are still some problems on our way of advancement, we will be able to fulfill the 1987 national economic and social development plan as long as the people throughout the province resolutely implement the guidelines of the Fifth Session of the Sixth NPC, conscientiously carry out the series of principles and policies formulated by the party Central Committee and the State Council, continue to deepen reform, conduct explorations bravely, carry forward the fine tradition of plain living, arduous struggle, and building up the country through thrift and hard work, and go all out to work in a down-to-earth manner.

## HUBEI GOVERNOR ON POLITICAL, ECONOMIC DEVELOPMENT

HK300943 Wuhan Hubei Provincial Service in Mandarin 0900 GMT 28 Apr 87

[Excerpts] In his government work report delivered at the fifth session of the Sixth Provincial People's Congress [on 25 April], provincial Governor Guo Zhenqian made clear and definite demands on current tasks in the political and ideological field. He noted: The central tasks in the political and ideological field today are the task of conducting extensive and in-depth education in upholding the four cardinal principles and opposing bourgeois liberalization and the task of rallying people throughout the province more closely around the party to firmly take the socialist road.

In his report, provincial Governor Guo Zhenqian also noted: We must constantly develop our socialist democracy and perfect our socialist legal system. He said: The vast numbers of grass-roots units must practice democratic management and democratic supervision, give full play to the people's socialist spirit of being the masters of their own affairs, actively conduct education in the legal system, and strengthen public security and judicial work.

Referring to scientific and technological work, Comrade Guo Zhenqian said: Departments of science and technology must be further geared to the needs of economic construction. They must concentrate their major forces on increasing the reserve strength of agriculture and promoting technological advances in our enterprises, and do a still better job of serving the economic reinvigoration of Hubei. At present, we must continue to successfully promote the implementation of our "spark plan." In the days to come, we must successfully promote the building of districts engaged in intensive implementation of the scientific and technological "spark plan," and put the stress on developing the citrus belt, the paddy belt, and the aquatic belt along the golden waterways of the Chang Jiang, and on developing the districts along the four lakes, the harbor districts in north Hubei, and the Dabie mountain area for the purpose of gradually establishing different industries and bases. At the same time, we must actively tackle key scientific and technological problems.

Comrade Guo Zhenqian said: We must promote in-depth structural reform of our scientific and technological setups, and advance the close integration of scientific research and production work.

Comrade Guo Zhenqian said: We must continue to successfully promote our family planning work. This year's natural population growth rate must be kept under the control of the state plan.

## HUNAN TAKES MEASURES TO HELP POOR AREAS

HK030723 Changsha Hunan Provincial Service in Mandarin 0000 GMT 30 Apr 87

[Text] Our reporter (Peng Chongxing) has learned from a provincial conference on work in poor areas that concluded yesterday [29 April] that government at all levels in the province have adopted such methods as seeking more external assistance and strengthening internal vitality to develop and build poor areas and have achieved good results. Last year, another 1 million peasants got rid of poverty, and the percentage of poor households whose annual income was lower than 265 yuan decreased to 9.5 from 12.9 in the previous year. This year all poor areas are working out and implementing plans for the year 2000 and measures on economic development in the near future and are endeavoring to fulfill the target set by the provincial party committee and the provincial government on changing the appearance of the province's poor areas within 3 years.

In June of last year, the provincial party committee and the provincial government issued a resolution for the entire province on further strengthening work in poor areas, and formulated a series of policies and preferential measures to reduce people's burdens and seek more assistance, such as reducing or exempting the payment of some 25 million yuan of agricultural tax in 16 poor counties and more than 200 poor townships and exempting them from the contract grain purchase task. They have also allocated some 130 million yuan as a special fund for helping the poor. Party committees and governments at all levels and provincial departments have also adopted various measures to do practical things for poor areas in overcoming difficulties. Sixteen units, including the provincial planning commission, the provincial finance department, and the provincial agriculture department, have established long-term relations with 11 poor counties. Xiangxi Autonomous Prefecture alone has given assistance to more than 100 production items, involving more than 20 million yuan for support-the-poor fund. In addition, the state has allocated grain and cotton worth 100 million yuan to help poor areas change their production conditions.

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## LIAONING COMMENTARY ON INCREASE-PRODUCTION CAMPAIGN

SK040437 Shenyang Liaoning Provincial Service in Mandarin 0930 GMT 3 May 87

[Station commentary: "Enhance Confidence, Discover Correct Orientation, and Create an Upsurge in the Campaign to Increase Production, Practice Economy, Raise Revenues, and Reduce Expenditures"]

[Excerpts] Since the beginning of this year, in active response to the call of the party Central Committee and the State Council, workers on all fronts of our province have carried out the campaign to increase production, practice economy, raise revenues, and reduce expenditures and have achieved initial results. The overheated economic activities have begun to be dampened, the investment structure has improved, industrial production has grown in a sustained, stable, and balanced manner, the purchases and marketing of commodities have been brisk, and revenues have begun to rise. However, as the campaign is only at the beginning, we should make realistic estimation and analysis of the campaign of the previous stage. According to a survey, enterprises with fairly good results in the campaign account for only about 30 percent of the total enterprises of the province. Approximately 50 percent of the enterprises have not fulfilled their targets for the campaign and another 15 to 20 percent of the enterprises have yet to work out definite targets and mobilize the masses. The campaign of these enterprises still remains to be a general call. Judging from the economic results of the first quarter of the year, the situation in which the quotas of product cost were exceeded, and enterprises suffered deficits became worse instead of being changed, the contradiction between the unsalable goods of some plants and market demands was aggravated, and the consumption funds were not brought under control, with the allocation of bonuses, administrative spendings and spendings for public purposes, and the institutional purchases increasing by 66, 18, and 19 percent, respectively, over the same period of last year. We should say that due to the changes in market demands, and the price increase of some raw materials, objective factors for increasing expenditures and reducing revenues indeed exist this year. Based on subjective analysis, however, some comrades lack an adequate understanding of the significance of the campaign, have fear of difficulty, have not clarified the orientation and targets of the campaign, and therefore, are at a loss as to what to do. This is the major reason why our province fails to achieve great results in the campaign.

Some people say that the campaign is an old thing, which was started in the 1950's, and therefore will not yield great benefits today. It is true that the campaign was launched in the 1950's. However, during the 1950's, what we developed, fundamentally speaking, was a product economy. In that period, because of a shortage of products, everything had to be increased, and any enterprise that increased production were regarded as exemplary. The situation has changed now. At present, we are developing a socialist planned commodity economy, and we should keep in mind the market and better satisfy the demands of consumers. For this reason, enterprises of today should overcome the tendencies of emphasizing output value and output to the neglect of production cost and economic results, emphasizing production to the neglect of economic management, emphasizing investment to the neglect of returns, and emphasizing the starting new projects to the neglect of tapping potential. During the campaign, enterprises of today must never increase their production blindly without considering market demands. Instead, they must understand market information, analyze their own characteristics, and define the orientation and specific targets of the campaign. They should adopt all possible means to increase production, and reduce material consumption and cost of the brand-name, good-quality, and readily marketable new products, and strive to turn out more with less input. If enterprises have unsalable goods in stock, they should reduce, suspend, or convert, instead of increasing, their production. They should adjust their product mix according to market demands, improve product quality, reduce waste products, and open up a new road during market competition. This can be said to be the basic difference in the content of the campaign of the 1950's and the 1980's.

As far as the industrial and communication enterprises of the province are concerned, they should pay attention to the four tasks if they are to gain great benefits from the campaign. First, they should organize and increase the production of readily marketable products. Second, they should reduce the unit consumption of materials, and improve economic results through strengthening management and reducing material consumption. Third, they should develop new products, and upgrade their product quality. Fourth, they should accelerate technical transformation, and strive to put imported projects into operation and reach the designed production targets at an early date. Some people say that there are many factors for increasing spendings this year, and the economic results are difficult to improve. We hold that in view of the condition of the developed commodity economy and acute market competition, enterprises indeed will have difficulty in improving their economic results in the future. However, as long as they enhance their confidence, pull themselves together, discover a correct orientation and targets, and work actively, they are totally capable of achieving better economic results.

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CSO: 4006/654

## TIANJIN RIBAO ON 1986 ACCOUNTS, 1987 BUDGET

SK170640 Tianjin TIANJIN RIBAO in Chinese 3 May 87 p 2

["Excerpts" of Tianjin Municipality report on the implementation of the 1986 budget and the 1987 draft budget, delivered by Yue Shugong, director of the Tianjin Municipal Finance Bureau, at the 6th session of the 10th Municipal People's Congress on 22 April]

[Text] Fellow deputies:

Entrusted by the municipal People's Government, I now submit the report of Tianjin Municipality on the implementation of the 1986 budget and the 1987 draft budget to the session for examination and discussion.

## 1. Implementation of the 1986 Budget

The trend of sustained and steady economic development was maintained in 1986 thanks to the fact that all fronts of the municipality adhered to the four cardinal principles, enthusiastically and steadily conducted economic restructuring, and consolidated and developed the political situation characterized by stability and unity. On the basis of the development of production, the implementation of the 1986 budget was fairly good. Revenue was overfulfilled. Expenditures basically ensured the demands of economic construction and the development of undertakings. A small surplus was shown. The general situation of financial work was good.

The municipality's 1986 revenue was 5,191.95 million yuan, fulfilling the budget task by 100.4 percent and showing an increase of 5 percent if calculated in terms of comparable items.

1) Income of enterprises was 1,213.52 million yuan, fulfilling the budget task by 93.2 percent and showing a reduction of 5.3 percent if calculated in terms of comparable items. Of this, income of industrial enterprises was 1,183.12 million yuan, fulfilling the budget task by 101.4 percent; income of commercial enterprises was 136.36 million yuan, fulfilling the budget task by 61.9 percent; and grain enterprises suffered 124.33 million yuan in losses, 1.9 percent higher than the budget.



2) Income from taxes was 3,721.6 million yuan, fulfilling the budget task by 101.2 percent. Of this, income from industrial enterprises' product taxes and value added taxes was 2,240.07 million yuan, an increase of 4.7 percent over the previous year; and income from business taxes was 707.8 million yuan, an increase of 46.1 percent.

3) Income from other sources was 38.11 million yuan.

4) Income from urban maintenance and construction taxes was 218.72 million yuan, fulfilling the budget task by 119.8 percent.

In addition, the municipality collected 375.29 million yuan of funds for key energy and transport construction projects in 1986, overfulfilling the task assigned by the central authorities. The municipality paid 152.84 million yuan in treasury bonds, fulfilling the task assigned by the central authorities by 103 percent.

With the approval of the 32d Standing Committee meeting of the 10th municipal People's Congress, the municipality readjusted the 1986 expenditure budget. The implementation of the readjusted budget was as follows: Expenditure was 3,166 million yuan, fulfilling the budget task by 89.7 percent and showing an increase of 17.2 percent if calculated in terms of comparable items. The situation as a whole was as follows:

1) Expenditure on capital construction was 1,178.17 million yuan, fulfilling the budget task by 95.2 percent and showing an increase of 2.7 percent if calculated in terms of comparable items.

2) Expenditure on tapping enterprises' potential and conducting technological transformation was 113.04 million yuan, fulfilling the budget task by 97.2 percent and showing an increase of 15.6 percent over the previous year.

3) Expenditure on three scientific and technological purposes was 65.93 million yuan, fulfilling the budget task by 91.8 percent and showing an increase of 25 percent over the previous year.

4) Expenditure on supporting agricultural development was 118.6 million yuan, fulfilling the budget task by 82.4 percent and showing an increase of 46.1 percent. Spending in this regard was concentratively used to add water conservancy projects, develop grain production, and develop a diversified economy.

5) Expenditure on culture, education, and public health was 609.34 million yuan, fulfilling the budget task by 95.8 percent, an increase of 26.1 percent over the previous year. Of this, the expenditure on education was 341.84 million yuan, an increase of 28.1 percent over the previous year. Over the past 1 year, the municipality spent 273.16 million yuan of funds for developing regular education, an increase of 34.5 percent over the previous year. In addition, in 1986, the municipality collected 15.59 million yuan for additional rural education funds. Most of these funds were used to develop elementary education among towns and townships. The municipality collected 30.26 million yuan for additional urban

educational funds. Of this, 26.9 million yuan of funds were used for developing urban education and most of these funds were used to improve teaching facilities and environmental conditions among primary and middle schools. Expenditure on public health was 136.61 million yuan, an increase of 17.9 percent over the previous year. The expenditure on radio and television undertakings was 17.93 million yuan, an increase of 77 percent.

6) Administrative and management expenses were 142.01 million yuan, fulfilling the budget task by 90.4 percent and registering a reduction of 3.2 percent from the controlled target fixed by the central authorities if calculated in terms of comparable items.

7) Expenditure on price subsidies for residents' foodstuffs was 231 million yuan.

8) Expenditure on price subsidies for grain, cotton, edible oil, and coal was 274.74 million yuan.

9) Expenses for other purposes were 433.19 million yuan.

During the past year, by regarding the task of enlivening the enterprises as its central work, the municipality actively carried out the drive to conduct reforms in the economic systems, enforced the responsibility systems related to business operations and profits handed over to the state of the enterprises among the bureaus in charge of affairs concerning enterprises, and conducted the leading systems among the state-run small commercial enterprises which "enjoy the right of running their business independently." Meanwhile, the municipality brought the enthusiasm of enterprise staff members and workers in increasing incomes from their increased output by enforcing various wages award measures among a number of the state-run industrial enterprises and by integrating production and business results with the wages award measures. The municipality also enforced some policies concerning the decontrol and invigoration of enterprises, such as carrying out regulatory tax reduction and exemption among the large and middle-sized enterprises, changing the product taxes into value-added taxes among the six industries of textiles, electronics, and daily machines; giving preferential treatment to lateral economic associations; and encouraging enterprises to develop lateral economic cooperation among the units in different regions and of different ownership. All of this has created the necessary external conditions for strengthening the vigor of enterprises.

In order to fulfill the plan for economic and social development and in line with the principle of ensuring the construction of key projects and taking the whole situation into consideration, efforts have been made to actively raise and make reasonable arrangements for funds and to increase investments in capital construction and technical renovations of industrial enterprises, particularly in projects of developing the "three foundations" industries, carrying major intermediate experiments, and of developing the production of grain and farm sideline products. The

municipality also provided funds in a timely manner for major projects of urban construction. By using these funds, Zhonghuan Road was completely built, the work of purchasing land and laying a foundation for the Waihuan Road was completed, the construction of gas supply system was basically completed, and new progress in improving the city's features in a comprehensive way was made. The municipality made more increases in funds for cultural, educational, scientific, and public health undertakings, which have further improved the material conditions for developing these undertakings and further upgraded the standards of various installations.

Some problems still existing in the 1986 financial and economic work chiefly are that some enterprises are still poor in business and management, have overstocked their products, have suffered increased losses and costs, and have not increased their economic results satisfactorily. Some departments and units still indulge in the malpractices of going in for formality and extravagance and have not increased benefits in utilizing funds. The managerial work of financial and tax revenues still cannot meet the need of developing the economy, and some weak links still need to be enhanced. We should adopt measures in the future to earnestly deal with these problems.

## 2. The 1987 Draft Plan for the Financial Budget

The 1987 financial budget is arranged in line with the spirit of the national conference of provincial governors and by integrating the budget with the 1987 municipal plan for economic and social development. The principles of making arrangements for the budget are to deepen the drive to conduct reforms in the enterprises, to vigorously develop production, to foster or expand financial sources, to increase economic results and financial revenues, and to build the national economy as a whole on a stable foundation with a long-term character. Efforts should be made to resolutely curtail expenses, to manage to cut the expenses which deserve to be cut and to protect those that deserve to be maintained, to manage to curtail the expenses without causing chaos, to ensure the construction of key projects, to support the development of the undertakings of culture, education, science, and public health, to improve the people's livelihood, and to help society practice economy.

The 1987 budget of financial revenues is 5,288,170,000 yuan, in addition to 104 million yuan set by the plan for increasing production and practicing economy. The total budget is 5,392,170,000 yuan, a 3.9-percent increase over the 1986 figure. The concrete arrangements for the revenue budget are as follows:

1. Enterprise income will be 1,135,970,000 yuan, equal to the 1986 figure calculated in term of comparable items. Of this income, that of industrial enterprises will be 1,231,100,000 yuan, a 4-percent increase over the 1986 figure; that of commercial enterprises is 100 million yuan, an 8.3-percent decrease over the 1986 figure; and that of grain enterprises will show a 218.2 million yuan decrease.

2. Various tax revenues will be 4,017,900,000 yuan, an 8-percent increase over the 1986 figure. Of these revenues, those from the product tax and value-added tax of the industrial enterprises will be 2,360,000,000 yuan, a 5.7-percent increase over the 1986 figure.

3. Other income will be 22.3 million yuan.

4. Tax revenue for urban maintenance will be 216 million yuan.

In addition, the state assignment of funds raised for building the key projects of energy resources and transportation will be 425 million yuan, and those for buying state treasury bonds will be 148.64 million yuan.

The 1987 expenditure budget is 2,733,710,000 yuan, 8.2 percent less than the budget decided on at the beginning of the previous year (the following percentages are all calculated based on the figures decided on at the beginning of the previous year). The essential breakdown for the total expenditures are as follows:

1. Expenditures for capital construction total 579 million yuan, a drop of 34.1 percent.

2. Expenditures for enterprises to tap potentials and carry out technical transformation total 58.7 million yuan, a decline of 12.6 percent.

3. Funds for the three scientific and technological purposes total 24.19 million yuan, a decline of 13.4 percent.

4. Expenditures in support of agriculture total 123.42 million yuan, an increase of 28.9 percent. This is because the special investment in developing grain production is increased by 23.1 million yuan.

5. Expenditures on culture, education, science, and public health total 607.11 million yuan, an increase of 4.2 percent. Of the total, funds for education total 338.16 million yuan, an increase of 4.5 percent; and funds for public health total 131.79 million yuan, a 3-percent increase.

6. Expenditures on administrative management are 133.06 million yuan, an increase of 3.1 percent.

7. Price subsidies for the nonstaple foods of residents total 130 million yuan.

8. Price subsidies for grain, cotton, edible oil, and coal total 276.54 million yuan.

9. Expenditures for other purposes total 453.02 million yuan.

10. Municipal-level working funds total 43.29 million yuan, and reserve funds of districts and counties total 118.64 million yuan.

11. The amount of money saved from reducing various expenditures totals 186.74 million yuan.

The amount of money saved from reducing various expenditures plus the 49.26 million yuan we borrow from the extra-budgetary funds of other units makes a total amount of 236 million. This amount of money will be lent to the central authorities for 3 years in succession for use in the construction of state key projects.

The 1987 revenue budget is arranged in a positive manner, and the expenditure budget is very strained due to a reduction of spending, and therefore the task to increase revenues and reduce expenditures is very arduous. Judged from the situation in the national economic and social development over the past few years, the national economy has developed in a sustained and stable manner, and enterprises have been invigorated, which provide favorable conditions for a proper growth in revenues; and expenditures have increased substantially for some years in succession, which helps lay a certain material foundation for the steady development of various undertakings. Therefore, as long as we conscientiously implement the guidelines of the conference of governors, and the NPC session, and carry out the various policy measures for increasing production, practicing economy, increasing revenues and reducing expenditures, the 1987 budget can surely be fulfilled.

3. Launch the Campaign to Increase Production, Practice Economy, Increase Revenues and Reduce Expenditures in an Extensive and Thoroughgoing Manner, and Strive to Fulfill the 1987 Budget.

To successfully fulfill the 1987 budget we should unify our thinking, enhance understanding, unite as one, overcome difficulties, and carry out the following work conscientiously.

1. We should launch the campaign to increase production, practice economy, increase revenues and reduce expenditures in an extensive and thoroughgoing manner.

It is of great importance to carry out this campaign in an extensive and thoroughgoing manner. In the economy, we should put an end to over-spending, keep our construction scale commensurate with the national capacity, increase consumption on the basis of the capacity for developing production, strive to achieve a basic balance between revenues and expenditures, and between credit receipts and payments, and maintain a long-term stable development in the national economy. In politics, we should restore and carry forward the glorious tradition of plain living, arduous struggle, and building up the country through thrift and hard work, facilitate a fundamental improvement of party style and social conduct, consolidate and develop the political situation of stability and unity, and ensure the smooth progress of socialist modernization. All departments and units should conscientiously strengthen organizational leadership, fully mobilize the masses to implement the various policy measures for the campaign, and strive to fulfill this year's budget plan.

2. We should deepen enterprise reform and invigorate enterprises.

To deepen the reform of enterprises and increase their vigor are the central task for this year's economic reform. The major purpose to deepen enterprise reform is to improve the economic results of society. The major purpose to invigorate enterprises is to enable large and medium-sized enterprises to acquire the capacity to accumulate funds for transformation and development. The focuses of the reform are, first, to enforce various forms of the management responsibility system, with the attention paid to improving the management contract responsibility system of the enterprises which turn out large amounts of profits and taxes, and the responsibility system of small state commercial enterprises operating on a leasing basis. In line with the principle of separating ownership from management power, we should establish and improve the enterprise management mechanism which combines responsibility, power, and profit, so that enterprises can truly become relatively independent economic entities responsible for their own profits and losses. The second is to continue developing various forms of lateral economic cooperation and to encourage the establishment of enterprise groups and associations. The third is to further perfect distribution relations between the state and enterprises. State large and medium-sized enterprises will continue enjoying the reduction and exemption of regulatory taxes. The large and medium-sized retail commercial enterprises that retain comparatively low profits although they create better economic results are allowed to only pay income taxes from newly added profits instead of regulatory taxes. Enterprises can appropriately enjoy the reduction of income taxes from the profits that are newly added by increasing productive investment with private funds.

3. Carry out management and operations and upgrade economic results.

The central authorities have set forth major economic targets for increasing production, practicing economy, increasing revenue, and reducing expenditure this year. Industrial enterprises should reduce 30 percent of their losses. Enterprises' administrative funds and outlay for workshops should respectively be reduced by 10 percent. The consumption of raw materials and costs of comparable products should respectively be reduced by 2 percent. Commercial enterprises should reduce 20 percent of their losses and reduce 2 percent of commodity circulation funds. All departments and units should fix targets for increasing revenues and reducing expenditures for the grassroots in an effort to comprehensively fulfill the aforementioned targets. We should strengthen management over the work of ensuring that key capital construction and technological transformation projects should be put into operation, realize as soon as possible the production of readily marketable products, accelerate the pace of repaying loans, and increase the overall results in handing over taxes and profits to the higher levels. We should strengthen the management of money-losing enterprises. Financial departments should first allocate funds to money-losing enterprises that will be able to increase their economic results after conducting technological transformation in order to help them turn deficits into profits as soon as possible. We should comprehensively strengthen the management of product quality, readjust the product mix and industrial structure, vigorously develop new products, reduce material

consumption, and upgrade the economic results of per-unit products. We should strengthen the basic work concerning enterprise management, perfect enterprises' inherent accounting management system and management responsibility system, and strive to upgrade the enterprises' management level.

4. Achieve the reform of the tax system and strengthen tax collection work.

The priorities for this year's tax system reform are to gradually expand the scale of collection of value added taxes; to readjust the product tax rates; to open new categories of taxes, including house property taxes, taxes for use of vehicles and vessels, and taxes for occupation of cultivated land; to appropriately readjust construction and bonus tax rates; and to bring into better play the functions of tax collection for economic regulation.

In order to conscientiously implement the provisional regulations on tax collection and management issued by the State Council, we should formulate, in line with the municipality's actual conditions, set of scientifically and well-organized tax collection and management systems to rely on the forces of society to strengthen tax collection and management work.

5. Vigorously reduce and save expenses to enable society to practice economy.

Overhearted economic activities should be compressed. The portions of expenses that can be saved or reduced should resolutely be saved or reduced. No additional budget expenditures should be allocated to departments since the municipality has assigned budget contracts for them. Normal expenditure on various administrative expenses should be ensured. Expenses on development of undertakings should be arranged according to financial resources. Expenses should be used economically on the premise of ensuring the construction of key projects. All departments should conscientiously inspect and correct the problems concerning waste and losses in the economic field and the problems concerning violating financial and economic discipline, and should earnestly implement and strictly enforce the municipal government's 10 regulations on strictly controlling expenditures in an effort to promote the development of the campaign of practicing economy. All departments in charge of overall economic work should substantially strengthen management and supervision, conscientiously implement state policies and decrees, strictly enforce financial and economic discipline, correct the unhealthy practices in the economic field, and ensure the smooth progress of the economic construction.

Fellow deputies: The tasks for fulfilling this year's budget are extremely arduous and heavy. We must mobilize the masses to be inspired with enthusiasm, to be united, to enthusiastically keep forging ahead, and to strive to successfully realize the fulfillment of this year's budget.

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CSO: 4006/654

## XIZANG REGULATIONS ON ENTERPRISE REFORM

HK010901 Lhasa Xizang Regional Service in Mandarin 1300 GMT 29 Apr 87

[Excerpts] Following are excerpts of some provisional regulations formulated by the Xizang Regional People's Government on enterprise reform.

1. The principle and requirements for enterprise reform.

The principle for enterprise reform is to turn enterprises into relatively independent economic entities, and producers and operators of socialist commodities that assume sole responsibility for their own profits and losses.

The requirement for enterprise reform is to give more vitality to enterprises, to tap enterprise's internal potential, to increase production and practice economy, to increase economic results in an all-round way, to increase social accumulation, to increase financial revenue, to improve workers' living standards, and to promote the development of social productive force.

2. Institute various operational responsibility systems.

All large and medium enterprises owned by the whole people must institute in an all-round way, various types of operational responsibility system and contract for enterprises' responsibilities to the state and workers' responsibilities to the enterprises, and combine responsibility, authority, and benefit. An enterprise has the absolute right to decide what internal operational responsibility system to institute.

3. Speed up reform of enterprise's leadership structure.

All localities and departments must earnestly implement the spirit of the three regulations formulated by the CPC Central Committee and the State Council on reform of the leadership structure in enterprises and supplementary circulars and institute in an all-round way the manager responsibility system. At the same time, they must institute the manager responsibility system related to managers' targets within their tenure of office, and the manager responsibility system related to the managers' [words indistinct].



4. Strengthen enterprises' ability to self-transform and self-develop.

To increase enterprises' ability to develop new products and renew technology and equipment, financial departments may, according to the practical situation, increase the portion of the profits retained by enterprises which have retained only a small portion of their profits.

It is necessary to resolutely curb the malpractice of demanding money from enterprises. Except for unified stipulations by the people's governments, no units or individuals have the right to demand money from enterprises. Principal leaders of governments and departments at all levels must be responsible for this. It is necessary to investigate and affix responsibility on those who violate the stipulations.

5. Reform the system of distributing [rewards] and bonuses within enterprises.

6. Strengthen macroeconomic management.

Except for tasks assigned by regional planning departments to enterprises for the types, production, and allocation of products covered by mandatory plans, other units have no right to assign mandatory plans to enterprises.

7. Actively arrange and guide readjustment of the employment structure.

8. Vigorously develop lateral economic ties.

9. Strengthen and improve management of collective enterprises.

10. Perfect the economic legality.

We must gradually establish economic laws with our region's characteristics so that enterprises can have decrees or laws to go by in various economic activities. Once the laws or decrees are promulgated, all units and individuals must abide by them.

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CSO: 4006/654

## XIZANG RADIO CALLS FOR PROMOTING REFORM

HK030636 Lhasa Xizang Regional Service in Mandarin 1300 GMT 30 Apr 87

[Station commentary: "Plunge Ourselves into the Powerful Current of Reform Like Masters--Celebrating the May Day"]

[Excerpts] As we celebrate the May 1 International Labor Day, a glorious festival for the working class of the world, we hereby extend kind regards and holiday greetings to workers, peasants, herdsmen, intellectuals, other laborers of various nationalities in the region, and to model laborers and advanced workers on all fronts.

On 1 May 101 years ago, American workers fought heroically to become their own masters. Today Chinese workers have long been the masters of their country. However, the new era and the new situation have also entrusted to the Chinese working class a historical mission to build the four modernizations. To the region, the historical mission means that the working class, under the leadership of the party, should unite closely with peasants, herdsmen, other laborers, and patriotic personages and fight jointly for building a united, civilized, and rich new socialist Xizang.

At present, the people of Xizang are facing two important tasks. One is that we must conduct positive education throughout the region in upholding the four cardinal principles, safeguarding the unification of the motherland, and strengthening the unity of various nationalities. The other is that we must resolutely adhere to the policy of reform, opening up, and invigoration, increase production, practice economy, increase income, and reduce expenses, so as to ensure steady economic development in the region. More than 400 enterprises, which play an important role in the region's economy, are now facing an arduous task of deepening reform, invigorating enterprises, and turning losses into profits. The workers in the region are masters of the enterprises and assume heavy responsibility. Without an attitude of being masters of their own affairs, it is impossible for them to fulfill the task.

While celebrating the May 1 International Labor Day, we review history and feel that our victory has not come easily. When looking forward to the future, we feel that our burden is heavy and our road is long. The vast number of workers in the region must deeply understand our historical mission, plunge ourselves into the powerful current of reform, and make greater contributions.

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CSO: 4006/654

## XIZANG RADIO ON PROBLEMS IN ENTERPRISE REFORMS

HK020625 Lhasa Xizang Regional Service in Mandarin 1300 GMT 1 May 87

[Station commentary: "It Is Imperative to Carry Out Enterprise Reform--  
First Comment on Deepening Enterprise Reforms"]

[Excerpts] The enterprises of all categories in Xizang are the producers and creators of social wealth. How well or badly they operate is a major affair related to the prosperity or decline and success or failure of the region's economic and social development.

In recent years, the enterprises in Xizang have achieved certain results in consolidation and reforms and accumulated some experiences. However, viewing the effort as a whole, enterprise reform in Xizang has not yet made a breakthrough. The key problem of invigorating the enterprises has not been fundamentally resolved. Hence, at present the enterprises lack vitality and are running at heavy loss. Out of some 400 enterprises, over half depend on state financial subsidies to maintain their existence. Not many enterprises are making a profit, and the profits they do make are small. A great subsidy is needed to make up the difference between the total profits and the total losses. If this state of affairs persists, a situation of an ever-growing burden with an ever-increasing number of enterprises will emerge. The consequences will be that, far from providing accumulation funds for Xizang's construction, our enterprises will act as a drag on it.

What is the reason for the poor performance of the enterprises? As far as the enterprises themselves are concerned, the main reason is that they [words indistinct] in reforms, are seriously infected with the idea of depending on the state, and have not done well at integrating and firming up responsibilities, powers, and interests. Hence, the enterprises still eat from the big pot of state rice and the staff and workers still eat from the big pot of enterprise rice. The workers' initiative has not been brought into play well. The potentials within the enterprises have not been truly tapped.

We must be resolved to work hard to ensure our existence and development by overcoming difficulties, and exert every effort to find a road of life amid our predicament. This road is none other than that of reform.

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CSO: 4006/654

PROVINCIAL

ECONOMIC

BRIEFS

GUANGDONG INDUSTRIAL OUTPUT INCREASES--Guangzhou, 10 Apr (ZHONGGUO XINWEN SHE)--Statistical figures have shown that Guangdong Province has set a record in industrial output in the first quarter of this year: The province's gross industrial output value reached 14,769 million yuan in the first quarter and that for March alone amounted to 5,437 million yuan, both increased by more than 20 percent over the same periods of last year. Fifteen cities and prefectures of Guangdong Province witnessed more or less growth in their industrial output value in the first quarter. The cities of Foshan, Zhuhai, Zhongshan, Dongguan, Huizhou, and Huiyang had greater growth. As 150 newly built industrial enterprises were put on stream earlier this year, the city's gross industrial output value rose by 76 percent in the first quarter of this year over the same period of last year. The electronics and textile industries which had had lower growth last year had a considerable growth in the first quarter of this year. [Text] [Hong Kong ZHONGGUO XINWEN SHE in Chinese 1228 GMT 10 Apr 87] /9604

CSO: 4006/654

## ZHANG JINGFU ADDRESSES PACKAGING CONFERENCE

OW071138 Beijing XINHUA in English 1110 GMT 7 May 87

[Text] Beijing, May 7 (XINHUA)--China has saved 2.5 billion yuan by improving the packaging of industrial products and other commodities in the past three years, state councillor Zhang Jingfu said here today.

He said China's packaging industry has achieved great success by carrying out technical renovation of existing facilities with imported technology and equipment, and by tightening supervision.

He made these remarks at a national conference on packaging, which was held here today by the China Packaging Technology Association.

"A big change has taken place," he said. "Manual packaging is being replaced by mechanization, while straw ropes, wicker suitcases and gunny bags for packaging being replaced by paper and plastic packaging.

The country has been battling the losses caused by poor packaging since 1984 by developing new packaging for major industrial and farm products. Overseas firms have been involved in more than 200 packaging schemes in China.

As a result of technical upgrading, economic losses for plate glass dropped by two-thirds, and losses for cement from 4.5 percent to one percent.

According to the China Packaging Technology Association, results are even better in packaging for export products, foodstuffs and porcelain. Improved packing not only cuts economic losses but also enabled the products to sell well in overseas markets.

An association official said China won two international packaging awards and six Asian awards last year.

He said the output value of the packaging industry increased from 7.2 billion yuan in 1980 to 16.5 billion yuan in 1986, with a growth rate averaging 14.8 percent a year.

In the past six years the Chinese Government has invested 3.2 billion yuan on upgrading packaging facilities in a bid to solve the problem of economic losses caused by poor packaging during storage, purchase and sale.

Jiangsu Province in east China spent 230 million yuan and 60 million U.S. dollars to upgrade 137 packaging projects and has established some factories with technology up to the current international standards in the past five years.

At the same time, Jiangxi Province has made efforts to develop new technology and materials for packaging with output value up four times in the past six years.

Despite progress in the past few years, state councillor Zhang Jinfu noted, economic losses are still alarming. "They come to about 14.7 billion yuan a year because of the larger scale of commodity production."

He called on various departments and regions to make further efforts to improve packaging by accelerating technical transformation and absorbing imported technology.

The packaging industry is a new industry in China, which has 4,700 packaging enterprises at county level--twice the figure for 1980--with over one million employees.

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CSO: 4020/181

## APRIL INDUSTRIAL OUTPUT INCREASES OVER 1986

OW100801 Beijing XINHUA in English 0531 GMT 10 May 87

[Text] Beijing, May 10 (XINHUA)—China's industrial output value totalled 85.2 billion yuan (more than 23 billion U.S. dollars) in April this year, an increase of 15.2 percent over the same period of 1986, according to the State Statistical Bureau.

This brought the combined industrial output value of the first four months of this year to 312 billion yuan (about 84.3 billion U.S. dollars), a rise of 14.4 percent over the same 1986 period or completing 32.7 percent of the country's 1987 plan, the bureau noted.

The bureau attributed the progress to the nationwide effort to gear industrial production to the markets demand in terms of product varieties and specifications.

In the southern parts of China, the bureau said, power output of some large hydro-electric power stations jumped up 32.8 percent in April than in March thanks to plenty of rainfalls, in addition to a 6.1 percent rise in coal production in April.

Apart from the rise in energy production, the bureau added, improved supply of raw materials such as pyrite, ethylene, caustic soda, soda ash, calcium carbide and pure benzene is also a major factor.

But, the State Statistical Bureau pointed out, efforts should continue to better orientate the industrial production to the demands of the market, and ensure the supply of raw materials for export producers.

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CSO: 4020/181

## NUCLEAR INDUSTRY SHIFTS TO CIVILIAN EMPHASIS

OW060612 Beijing XINHUA in English 0548 GMT 6 May 87

[Text] Beijing, May 6 (XINHUA)--China's nuclear industry ministry will take its place as the country's second "energy ministry" by shifting its focus from military sectors to economic construction.

"Now 70 percent of the industry's researchers are engaged in developing technology for civilian use," according to the latest statistics, released by the industry's minister, Jiang Xinxiong, today.

"The industry has also developed 300 techniques adaptable to civilian use and 1,000 products since 1980," Jiang said, adding the industry's output value of civilian goods in 1986 was five times more than in 1980.

"China has built up a complete nuclear industrial network since the country started developing nuclear technology in the 1950's," Jiang told XINHUA, "and now, a nuclear power station is being built at Qinshan, Zhejiang Province and another in Daya Bay, Guangdong Province."

Low-temperature reactors, miniature reactors, radioactive isotopes and irradiation techniques, developed by Chinese nuclear scientists, are now being used in industry, agriculture, medicine and scientific research, and Chinese workers can turn out 100,000 isotope products annually, Jiang went on.

"Other techniques, including remote sensing, tele-metering and aerial surveys, are being used to survey China's land resources," the minister said, "and technicians are now using ion exchange to extract valuable and rare metals, and uranium-extraction to mine gold."

Nuclear technology is also being used in China's chemical, metallurgy, new materials, environmental protection, and mining machinery industries.

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CSO: 4020/181



## 1.23 BILLION YUAN INVESTMENT IN LIGHT INDUSTRY

HK050326 Beijing CHINA DAILY in English 5 May 87 p 2

[By staff reporter Xie Songxin]

[Text] China's light industry will continue to emphasize investment in technical renovation to meet a growing market demand for high quality and varied consumer goods and to promote exports of Chinese products.

The Ministry of Light Industry has recently approved nearly 1,000 renovation projects to receive total bank loans of 1.23 billion yuan (\$442 million) this year, a ministry official told CHINA DAILY yesterday.

Loans and investment from other sources will also be sought to raise the technical level of the industry at a time when the central government is tightening investment, the official said.

He said that part of the investment will be used to import advanced technology and equipment and negotiations are being held between Chinese and foreign organizations for some of the projects.

The renovation projects will cover the production of daily use consumer goods and export commodities, including food, electrical home appliances, leather products, ceramics and arts and crafts.

The ministry predicted that the 1,000 projects would increase the annual production value of light industry by 10.075 billion yuan (2.71 billion), pre-tax profits by 2 billion yuan (\$539 million) and foreign exchange earnings by \$600 million.

Last year the ministry invested 1.46 billion yuan (\$393.5 million) in technical renovation. China now has become the world's leading producer of washing machines and electric fans and the second largest producer of electric irons and cookers.

But poor equipment, outdated technology and backward facilities are preventing the industry from improving product quality and variety, increasing output and developing new products to meet growing market demand, the official said.

Chinese ceramics and canned foods, for instance, are priced very low on the world market because of poor product quality and variety.

So far 278 large light-industrial enterprises have already started technological upgrading, the official said.

He said, "This year's investment geared towards enterprises producing electrical appliances, paper, salt, and glass and enamelware is 15 per cent more than last year."

But solely depending on investment from the central government is not enough to complete the ambitious plan, he added. The ministry encourages localities to raise funds to update local light industry.

During the Sixth Five-Year Plan (1980-85), the ministry invested 10 billion yuan in technical renovation while local investment exceeded 20 billion yuan.

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CSO: 4020/181

## OFFICIAL REPORTS OVERSUPPLY OF HOUSEHOLD ELECTRONICS

OW151244 Beijing XINHUA in English 1151 GMT 15 May 87

[Text] Beijing, 15 May (XINHUA)---The Chinese electronics industry will be restructured to halt the blind production of consumer goods and improve its service for the national economy.

An official from the Electronics Industry Ministry told XINHUA that due to the lack of planning, enterprises have produced too many electronic products for home use over the past few years.

By the end of March this year, factories and shops had stockpiles of 5.6 million radio-cassette recorders--about half of the annual output. And the number of black and white tv sets in storage exceeded 2.6 million.

According to an investigation, about 70 percent of the total output value of the sector came from the production of consumer goods such as tv sets and radio-cassette recorders.

China's seventh five-year plan (1986-1990) sets the output value of electronic products at 60 billion yuan by 1990, almost double that of 1986.

To promote the country's economic construction, the ministry has decided to restructure its production by sending out more automatic control systems used in the energy and transportation industries, and communications departments.

As for consumer goods, he said, new products and designs will be developed. Shanghai and Tianjin will begin small-scale production of 5.5-inch tv sets. The production of high quality electronic pianos will be expanded; 1.52 million such pianos are scheduled to be produced this year, an increase of more than 50 percent over the 1986 figure.

In addition, there will be a big increase in microwave and electromagnetic stoves, electronic educational toys, and ground station facilities for satellites, the official said.

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CSO: 4020/184

## CHONGQING RIBAO REPORTS QUARTERLY OUTPUT

HK010839 Chongqing CHONGQING RIBAO in Chinese 15 Apr 87 p 1

[Report by Zhuyi (1612 0044): "Chongqing's Industrial Output Rose Steadily in the First Quarter"]

[Text] In the first quarter of this year, our city's industrial output developed steadily. There was a good momentum with the increase of gross industrial output value and income from sales advancing at the same pace. The decline in economic results that appeared last year has not been effectively changed. The departments concerned should pay attention to this situation.

Since this year, our city's industrial enterprises have implemented the spirit of the national governors' work conference, deepened reform, extensively launched the drive of increasing production, practicing economy, increasing revenues, and reducing expenditures, and instituted optimum industrial and product mix. The staff and workers have united in struggle to overcome the shortage of electricity barrier, worked hard to increase the output of products with a ready market, and boosted production. The city's gross industrial output value in the first quarter reached 3.248 billion yuan, being 21.95 percent of the whole year's plan, and showing a rise of 14.27 percent compared to the same period last year. State-owned industrial enterprises included in the city budget attained a gross industrial output value and revenue from sale respectively of 21.89 percent and 25.72 percent, more than in the same period last year. Except for certain factories which showed a decrease of gross industrial output value compared to the same period last year, all bureaus (general companies) and enterprises directly under the industry and communications system achieved a certain degree of increase compared to the same period last year. Among them, Chongqing medicine bureau, electronic industry company, and steel company achieved an increase rate exceeding 37 percent. The city's financial income showed a 2.58 percent increase compared to the same period last year.

Production in the quarter continued to develop to meet the needs of society and the market, by increasing output of items in short supply, marketable raw materials, energy, medicinal products, products for supporting agriculture, and so on. Among the city's 96 major industrial products

which were assessed, the output of 63 increased compared to the same period last year. Products with relatively big increases were rolled steel, non-ferrous metal, electric power, farm chemicals, chemical fertilizer, color televisions, domestic washers, refrigerators, silk fabrics, and so on.

Nevertheless, our city's production for the quarter brought worries as well as joy. The main problem was that the gross industrial output value and the economic results are not growing at the same pace. The quantity increased but not the revenue. State-owned industrial enterprises covered by the city budget achieved a 21.89 percent gross output value increase; yet the profit dropped by 31.98 percent. Production costs of comparable products accelerated. The number of loss-making enterprises increased by 32.31 percent, and the total losses increased by 48.94 percent. The number of loss-making light industry enterprises doubled and their total losses more than doubled. Meanwhile, although the city's gross industrial output value has increased compared to the same period last year, it has not accomplished one-fourth of the year's plan and was far from meeting what the state demands. Production being in a perilous situation, economists here appeal to relevant leading departments and factories and enterprises to pay close attention to this situation and quickly impose effective measures to turn the situation around.

City leading departments concerned told their reporter that the second quarter is the golden season for industrial output. Despite certain problems in the organization of production, there are still many favorable conditions. The whole city's economic work departments and the cadres, staff, and workers of enterprises must move quickly to deepen the campaign to "increase production, practice economy, increase revenue, and reduce expenditures," strictly focus on the organization of production, raise economic results, do well in circulation, upgrade production and economic results, and fulfill half the year's task in half the year.

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CSO: 4006/654

## LIAONING'S ANSHAN STEELWORKS TO BE RENOVATED

OW140208 Beijing XINHUA in English 0138 GMT 14 Apr 87

[Text] Beijing, 14 Apr (XINHUA)--China's leading steel producer in Liaoning Province is investing heavily in an unprecedented renovation scheme, inaugurating the country's renewed efforts to guarantee fast improvement in its steel industry.

According to CHINA DAILY today, the Anshan Iron and Steel Complex is earmarking more than 3.15 billion yuan (about U.S. \$851.4 million) with a focus on modernizing its smelting, sintering, rolling and casting techniques by 1990. These techniques are said to be inadequate at present.

The complex produces about 7.4 million tons of steel a year and contributed more than 33.8 billion yuan (U.S. \$9.15 billion) in profits and taxes to the state in the past 30 years, the largest sum among the country's nine major steel producers. But about 80 percent of its equipment is only considered to be mediocre. Almost 10 percent of its equipment is outdated.

The Chinese Government has repeatedly singled out the steel industry as a weak link in the country's economic development, and has made it the priority sector for construction funds.

The large-scale renovation will enable the complex to boost its annual production to eight million tons in three years, up by eight percent from the present. It will also increase the proportion of its low-alloy steel from the present 27.8 percent to 37.5 percent.

With the aim of bringing most of its products up to the world standards soon, the complex is also gearing up to tackle such problems as serious environmental pollution and heavy consumption of energy.

When the renovation is complete, the complex is expected to have made more than 11.3 billion yuan (U.S. \$3 billion) profit in the course of the renovation period, enough to recover all the investment spent on it.

In another development of the country's steel industry, a renovation with investment of 750 million yuan (U.S. \$202.7 million) has been launched in the Chongqing iron and steel complex in Sichuan Province.

The renovation is part of a three-phase program to increase the complex's output from the current 750,000 tons to three million tons by 1990.

Though China is the fourth largest steel producer in the world, putting out some 51.5 million tons of steel last year, the average per capita output is less than 50 kilograms, compared to the world average of 160 kilograms. The country imported about 19.8 million tons of steel in 1986.

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CSO: 4020/184

## QINGHAI ALUMINUM PLANT FIRST PHASE NEARS COMPLETION

OW121241 Beijing XINHUA in English 1103 GMT 12 Apr 87

[Text] Xining, 10 Apr (XINHUA)--The first phase of the Qinghai aluminum factory, with a projected annual capacity of 100,000 tons, is almost finished.

"The plant will start operation 1 October, one year ahead of schedule," an official said, "and we plan to produce 4,000 tons of aluminum ingots this year."

As China's largest aluminum factory now under construction, the Qinghai plant will eventually produce 200,000 tons annually. First-phase construction started in April, 1984, and required an investment of 510 million yuan (U.S. \$138 million). The 130 initial projects include electrolyte, carbon and positive electrode workshops and factory buildings with a combined floor space of 180,000 square meters.

To date, 90 percent of the preparatory and structural construction and 80 percent of the key projects have been completed and half the equipment has been installed.

Workers are busy making preparations for the factory's start-up, including testing equipment, laying water and gas lines, organizing materials and studying procedures.

"Bidding was held for individual projects and a contract system, covering responsibilities for profits and losses, was implemented at the plant, and should result in savings of 30 million yuan (U.S. \$8.1 million)," the official said.

To solve the problem of fund shortage, the plant raised 180 million yuan (U.S. \$48.6 million), or 36 percent of the total investment from Shanghai municipality, the Aviation Industry Ministry and Qinghai Province. The factory will repay the debt with aluminum produced at the plant.

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## BRIEFS

POLYIMIDE-FIBER CORD CLOTH FACTORY--Zhengzhou, 9 Apr (ZHONGGUO XINWEN SHE)--The Pingdingshan Polyimide-Fiber Cord Cloth Factory, the largest of its kind for producing polyimide-fiber cord cloth for automobile tires in China, is under construction in Pingdingshan City, Henan Province. The total investment in this project is nearly 700 million yuan and the whole set of equipment is imported from Japan. The first phase of the project has been completed and put into operation and its annual output of polyimide-fiber cord cloth is 14,000 tons, exceeding the design capacity by more than 1,000 tons. It meets nearly 70 percent of the domestic demand. At present, the construction of the second phase of the project is in full swing. It is expected that the installation of equipment will complete at the end of May and trial production will take place in July. Eventually, the factory will be able to produce nearly 30,000 tons of polyimide-fiber cord cloth each year. [Text] [Hong Kong ZHONGGUO XINWEN SHE in Chinese 0213 GMT 9 Apr 87] /9604

APPLIANCE PRODUCTION CUT URGED--Beijing May 8 (XINHUA)--The Ministry of Light Industry has urged the state to check the production of electric heaters and cookers in a bid to conserve the country's electricity supply, today's ECONOMIC REFERENCE reported. According to a survey by electricity supply departments, "electricity consumption has increased markedly, and about five percent of the country's electricity supply is being consumed by residents, with this figure expected to jump to seven percent by 1990." "The over-production of small electrical appliances is also worsening the country's electricity shortage," the paper said. The bureau in charge of the production of small electrical appliances has suggested cutting back production on those items which consume a lot of electricity, and warned the current energy supply is not adequate for residents to install electric stoves and air conditioners in their homes," the paper said. "Manufacturers should develop products which consume less electricity and those appliances powered by solar energy, gas or other energy sources," the paper said. [Text] [Beijing XINHUA in English 0539 GMT 8 May 87] /8309

CSO: 4020/181

## VICE MINISTER ON CAPITAL CONSTRUCTION INVESTMENT

OW070800 Beijing XINHUA in English 0706 GMT 7 May 87

[Text] Beijing, May 7 (XINHUA)--China invested more in productive projects and reduced funds for non-productive projects during the first quarter of the year, a government official said.

Today's ECONOMIC DAILY quoted Gan Zhijian, vice-minister of the State Planning Commission as saying that the country will continue to cut extra-budgetary investment to guarantee investment for energy and transportation.

Reviewing the implementation of the investment during the first three months, Gan said that by the end of March, a total of 4.13 billion yuan had been saved in investment in 28 provinces, municipalities and autonomous regions.

He added that many places had halted or postponed the construction of non-productive projects like hotels, restaurants, guest houses, sanatoriums and parks.

"Take Jilin Province, for example," Gan said. "An investment of 58 million which was planned to be spent on building the provincial exhibition center, a grand theater and a sanatorium for state functionaries, was canceled in order to have more money available for productive projects."

According to the vice-minister, the state invested 11.74 billion yuan in capital construction during the period--an increase of 2.304 billion or 24.4 percent over the same period last year. Of the investment, 10.637 billion was covered by the plan. And the other 1.103 billion was extra-budgetary, which was an increase of 536 million yuan or 94.5 percent over the same period of last year.

Of 11.74 billion yuan used, about 8.204 billion was spent on productive projects. This was an increase of 2.015 billion and 32.6 percent compared with the first quarter of last year. Some 3.536 billion was consumed by non-productive projects. That was an increase of 289 million yuan or 8.9 percent over the same period last year, Gan said.

"During the first quarter, the projects under construction numbered 22,976, a decrease of 1,352 compared with the first three months last year," he explained.

"We have done something," Gan said, "yet we should pay much more attention to two problems which we have yet to tackle. One is that we have not satisfactorily guaranteed investment for energy and transportation [word indistinct]. The other is that the increase of extra-budgetary investment is still too rapid."

Gan called on various departments and local governments to resolutely cut back on the previous overheated capital construction investments. "All departments and regions are required to cut back on planned investment by five percent this year, and industrial and transportation departments are required to cut their investments in small projects by ten percent to save funds for key projects."

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CONSTRUCTION

ECONOMIC

#### FOUR LARGE ETHYLENE PROJECTS UNDER CONSTRUCTION

OW110758 Beijing XINHUA in English 0730 GMT 11 May 87

[Text] Beijing, May 11 (XINHUA)—China is speeding up construction of four large petrochemical projects of Daqing, Qilu, Yangzi and Shanghai, today's ECONOMIC DAILY newspaper reports.

When the four projects are completed in 1990 as scheduled, China will expand its total ethylene production capacity to two million tons annually, according to the report.

The Daqing ethylene project is located in Daqing oilfield in northeast China. Twelve sets of equipment will be installed by next year. It will be able to turn out 245,000 tons of organic chemical raw materials, 265,000 tons of plastics and 50,000 tons of acrylic fibres a year.

The Qilu project in Shandong Province, uses the resources of the Shengli oilfield. The first phase will begin trial operation this month. The second phase will be completed next year.

The Yangzi project, located in Nanjing near the Yangtze, gets its oil supply from pipelines. The first phase of this plant will go into operation this year and construction for the second phase started last October.

Funds for the Shanghai project will be raised both at home and abroad.

So far, some 130 million yuan (about 35.1 million U.S. dollars) worth of bonds have been issued to government institutions and individuals.

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CSO: 4020/181

## QINGHAI DISCUSSES PROBLEMS IN CONSTRUCTION INDUSTRY

HK020551 Xining Qinghai Provincial Service in Mandarin 0430 GMT 2 May 87

[Excerpts] On 29 April, Governor Song Ruixiang and participants in a provincial seminar of construction and installation enterprise managers held a dialogue on current problems in the province's construction industry.

The managers said: In recent years the management of the construction market in Qinghai has been chaotic; there is a lack of effective controls over tendering; the enterprises are short of capital; and the construction units are in big arrears on their payments for projects. The burden on the enterprises is too heavy.

Governor Song replied: The difficulties facing the construction and installation enterprises and the problems in the construction industry are, in the final analysis, problems on the road of advance under conditions of socialist commodity economy. He expressed the hope that the construction and installation enterprises will turn their eyes inwards, deepen enterprise reform, and invigorate the enterprises. As for the external conditions, it is necessary that the government departments provide assistance in solving some of the problems.

Governor Song stressed that it is essential to unswervingly follow the path of reform and to be resolved to carry out reforms. He hoped that the managers will be full of confidence in making contributions to the province's economic construction.

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CSO: 4006/654

## REFORM PROPOSALS AIM TO ENCOURAGE HOME OWNERSHIP

OW131224 Beijing XINHUA in English 1215 GMT 13 May 87

[Text] Beijing, 13 May (XINHUA)--New reform proposals that would allow the first low interest mortgages in China will encourage more people to buy their own residence and ease the country's housing shortage, reports the ECONOMIC INFORMATION newspaper.

Rents on state-owned dwellings are so low little capital can be generated for the development of new housing projects, the paper quote Yin Zhenhu, an official of the State Statistics Bureau, as saying.

To meet the goal of providing each urban resident with eight square meters of living space, private ownership must be encouraged, Yin said.

"For a long time we thought that in a socialist country housing was not a commodity but a welfare item. It is time that this concept be abandoned," said Yin.

A survey of 39.77 million urban residents in every province and region on the mainland shows that 25 percent did not have their own or had insufficient living space and lived in homes with substandard conditions. About 30 percent of the residences did not have proper kitchens, 66 percent had no lavatories, and 27 percent had no running water.

Yin said urban rents fell from 2.6 percent to 1.08 percent of family expenditures between 1964 and 1985.

Sun Bingfeng, an official of the Chinese People's Construction Bank, told the newspaper that proposals are being discussed that will allow people to take out long-term low-interest loans to buy or build private new houses.

"Only people that have opened savings accounts can take out loans," sun emphasized.

In addition, urban residential construction should be included in the nation's overall economic development. This would give the state a broader view of its material resources, and enable it to conduct more efficient urban and residential planning.

"Housing development corporations will decide whether to demolish old houses or build new ones," said Yin. "In this way we can solve many questions, such as where to get materials and manpower and we can avoid wasteful construction projects," Yin concluded.

## VICE MINISTER VIEWS USE OF FOREIGN CAPITAL

HK040905 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0306 GMT 29 Apr 87

[Report by reporter Dai Yaping [2071 0068 1627]: "Zhang Haoruo, Vice Minister of Foreign Economic Relations and Trade, Expounds Three Principles on the Utilization of Foreign Investment"]

[Text] Beijing, 29 Apr (ZHONGGUO XINWEN SHE)--During an interview by ZHONGGUO XINWEN SHE reporters, Zhang Haoruo, vice minister of foreign economic relations and trade, who had returned from a visit to the United States, said that the three principles for China in using foreign capital formulated in the government work report made by Premier Zhao Ziyang at the Fifth Session of the Sixth NPC have been put forward on the basis of summing up the experience and lessons of China's practice in using foreign capital in the past few years and making use of the experience of other countries as reference. The purpose of putting forward these principles is to strengthen supervision and management of the use of foreign capital so that foreign capital will play a useful supplementary role in China's economy.

Zhang Haoruo said that the overall scale in using foreign capital should match the country's capacity for repayment, digestion, and absorption, and the investment structure should be rational. The lessons of developing countries have told us that if a country blindly expands the scale of using foreign capital disregarding its ability, it will not be able to speed up its economic development, but will take on a heavy burden of debt that will put its economy in a vicious cycle.

He said that in determining the scale of using foreign capital, China mainly considers factors such as the rate of repayment.

He said that most countries hold that the sum of foreign exchange that a country needs for repayment of foreign loans with interest each year should not exceed 20 percent of the country's revenue of foreign exchange from export of the same year, and regard the average rate of repayment for loans in about 15 years as an important index for evaluating the scale of loans. Also, foreign exchange reserves, available resources reserves, international payments and expenditures, and other factors should also be taken into account.

Zhang Haoruo said that China's repayment capacity at present is mainly determined by its capacity to earn foreign exchange through export. According to business statistics of the Ministry of Foreign Economic Relations and Trade, China's export volume in 1986 reached \$27 billion, 180 percent over that in 1978. As far as the export volume is concerned, this amount is small when compared with the industrialized countries and some developing countries and it still cannot meet the needs of using foreign exchange to import necessary materials for China's economic construction and for improving the people's living standards. Also, in view of the capacity to match domestic funds with materials and transportation, the level of production technology of enterprises, and the capacity in management and operation, China's capacity to digest and absorb foreign capital has to be further increased. Therefore, specialists at home and abroad hold that it is more appropriate for China to control the rate of repayment using foreign capital to within 15 percent.

In light of China's present management level and digestion capacity, Zhang Haoruo thought that China should try to borrow more long-term and intermediate-length loans at low or relatively-low interest from foreign governments and international financial organizations. Commercial loans should be put under strict control and they should mainly be used for projects that can earn more foreign exchange, have a fast capital turnover, and can ensure repayment. In addition, conditions should be actively created to increase direct investment of foreign businessmen.

Zhang Haoruo said that China determines the direction of investment in accordance with the strategic plan for economic construction and the national economic and social development plan loans from foreign governments and long-term and intermediate-length loans at low and relatively-low interest from international financial organizations will be used for key construction projects in power industry, transportation, communications, agriculture, science and education. Direct investment will be used for enterprises which earn foreign exchange through export, technologically advanced enterprises, and enterprises that produce products for replacing import.

Zhang Haoruo said that the key to fully exploiting the role of foreign capital in China is to get benefits from investment with such capital in good time. If the net revenue obtained from using foreign capital in China each year exceeds the repayment for the principal and interest, we should not be afraid of appropriately borrowing more from foreign countries.

Zhang Haoruo said that during the Seventh 5-Year Plan, China plans to increase the volume of foreign capital used. At that time, China's repayments for the principal and interest of long-term and intermediate-length loans borrowed at the early stage will be due. If China does not pay attention to leaving some leeway for repayments, its expenditures on principal and interest repayments may exceed the danger line of the debt repayment rate of the year. If China is not able to repay its debts, its reputation in the international community will be impaired and the consequences will be dreadful to contemplate. Therefore, beginning from now, China should pay proper attention to this question.



## GDR ECONOMIC DELEGATION ENDS JILIN VISIT

SK070217 Changchun Jilin Provincial Service in Mandarin 0930 GMT 6 May 87

[Text] The GDR economic delegation concluded its tour of Jilin Province today. On the morning of 4 May, the delegation of the GDR-Chinese Economic, Trade, Scientific, and Technical Cooperative Committee, headed by Guenther Wyschofsky, chairman of the GDR-Chinese Cooperative Committee and GDR minister of chemical industry, and accompanied by Gao Dezhan, governor of the province, visited the No 1 Motor Vehicle Plant and was warmly welcomed by all staff members and workers of the plant. That afternoon, the GDR delegation, accompanied by Qin Zhongda, minister of chemical industry, left Changchun City by train for Jilin City to continue on its tour. Upon arriving in Jilin City, the delegation was warmly welcomed by the leading comrades of Jilin City. That evening, Wu Guangcai, mayor of Jilin City, received and feted the GDR comrades.

On 5 May, the GDR delegation, accompanied by Liu Shulin, vice governor of the province, visited the Jilin Chemical Industrial Corporation. During its visit, the delegation held friendly discussions with the personnel of the chemical industrial corporation on enhancing economic and technical cooperations in the chemical industry and trade exchanges.

On 6 May, the GDR delegation concluded its tour in the province and left the province by plane. Seeing the delegation off at the airport were leading comrades including Liu Shulin, vice governor of the province.

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CSO: 4006/642

## TRADE WITH INDONESIA INCREASES OVER LAST 2 YEARS

HK010213 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0937 GMT 28 Apr 87

[Text] Hong Kong, 28 Apr (ZHONGGUO TONGXUN SHE)--According to a news report from Jakarta, Sukamdani Gitosardjono, president of the Indonesian Chamber of Commerce and Industry, disclosed that since Indonesia and China signed a memorandum of understanding on direct trade in July 1985, trade exchanges between the two countries had been steadily on the increase. To further promote bilateral trade, China plans to participate in the international exposition to be held in Jakarta on 20 June this year.

Sukamdani said: From July 1985 to the end of last year, Indonesia exported to China goods with a total value of \$310 million, and imported from China goods with a total value of \$114 million, thus enjoying a balance-of-payments surplus with the latter of \$196 million.

So far Indonesia has not yet set up any trade representative office in China and all Chinese goods have been shipped to Indonesia via Hong Kong. However, Sukamdani indicated that the trade activities between the two countries had been carried on smoothly, because relevant matters, such as prices, types of goods, shipments by carrying vessels, and methods of payment, were discussed directly by the two sides.

Indonesian goods exported to China are mainly plywood, sawtimber, rubber, palm oil, and cement, and Chinese goods exported to Indonesia include chemicals, machinery, cotton, and coal.

The international exposition to be held in Jakarta in June this year commemorates the 460th anniversary of the founding of the city. Forty-five Chinese companies will participate in the exposition. They are engaged in trading textiles, machinery, traditional medicines, ships, and chemicals. The Chinese companies will also explore possibilities of buying more Indonesian goods. This will be the first time China has participated in an international exposition sponsored by Indonesia since the two countries suspended diplomatic relations in 1967. Jia Shi, president of the China Council for the Promotion of International Trade, will personally attend the exposition and officiate at the opening ceremony for the Chinese hall.

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CSO: 4006/642

## EXPRESSWAY PROJECT DRAWS BIDS FROM FOREIGN FIRMS

OW131128 Beijing XINHUA in English 1118 GMT 13 May 87

[Text] Beijing, 13 May (XINHUA)--Representatives of 50 Chinese and foreign engineering firms are surveying a 142-kilometer expressway from Beijing to Tanggu Port via Tianjin.

All the construction firms are expected to submit bids on the project, one of top priority during China's current five-year plan (1986-1990).

"When completed at the end of 1990, the expressway will be an important trade link between north China and points abroad, and will help ease container and passenger transport congestion in the area," said Tian Ningshou, general manager of the Beijing-Tianjin-Tanggu Expressway United Cooperation.

"Bidding will open 26 June on four contracts," Tian explained, "and Chinese and foreign firms will compete as equals. The project will include 52 bridges, 24 overpasses, 8 interchanges, 106 pedestrian underpasses and 364 culverts," Tian said, adding the four-lane expressway will be 26 meters wide and can accommodate motor vehicles traveling at a speed of up to 120 kilometers per hour.

Project funding includes a World Bank loan of U.S. \$150 million, and other capital will come from the communications ministry, Beijing and Tianjin municipalities and Hebei Province.

The survey, which will end tomorrow, was jointly organized by the Beijing-Tianjin-Tanggu Expressway United Corporation and the China International Tendering Company.

Construction firm representatives from Australia, Austria, Britain, Canada, France, Italy, Japan, Mexico, the Netherlands, Singapore, Sweden, Switzerland, the United States and Yugoslavia have expressed interest in the project.

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CSO: 4020/183

## QUALITY CONTROL ON EXPORT GOODS TO BE TIGHTENED

OW170612 Beijing XINHUA in English 0545 GMT 17 May 87

["China to Tighten Quality Control on Export Goods"--XINHUA headline]

[Text] Beijing, 17 May (XINHUA)--China will take effective measures to tighten quality control on export goods in a bid to promote economic results and boost exports, according to a circular reached here today.

The circular, issued by the State Council, said that over the past few years, part of the country's export goods has declined in quality, which has incurred economic losses in exports as well as affecting national prestige.

All export-oriented enterprise will undertake new assessments to prove if they are qualified to produce export goods, the circular said, adding that those proven unqualified will be banned to produce such goods.

To make enterprises more quality-conscious, the circular proposed appointing of authorized quality control overseers in enterprises and sending quality supervisors from commodity inspection departments to export-oriented enterprises. Foreign trade departments should not purchase unqualified goods for export and license will not be issued to them by commodity inspection departments.

The circular urged all export-oriented enterprises to give top priority to technical upgrading and introducing advanced technology in order to enhance products quality.

Packaging for export goods will be upgraded, especially for goods such as foodstuffs, tobacco leaves, ceramics, garments and dangerous goods, the circular said.

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CSO: 4020/183

## TECHNOLOGY TRANSFER IMPROVES PRODUCT QUALITY

OW151250 Beijing XINHUA in English 1137 GMT 15 May 87

[Text] Beijing, 15 May (XINHUA)---China's license trade in various forms has expanded rapidly since the country adopted an open policy over the past few years.

Recent years saw the introduction of about 4,000 items of advanced foreign technology which helped improve China's industrial products, according to an official at the China-sponsored international license trade seminar which opened here today. Over 200 Chinese and foreign experts are attending the five-day seminar.

"China has shifted its trade emphasis from labor contracts to technology export," said Liu Shaoshan, president of the China License Export Society, adding, "it concluded 55 five-year-term contracts on technical transfer worth U.S. \$50 million at the Eureka World Inventions Fair held in Brussels last year."

As a result, the machine-building industry has brought 10 percent of its products up to the international standards at the end of the 1970s or early 1980s. The rate of electronic products reaching the world level has increased from 15 percent in 1982 to this year's 30 percent. In addition, the quality of food, knitwear, daily necessities and power equipment also improved greatly.

To promote license trade and technical transfer, China has issued a number of laws and decrees over the past few years.

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CSO: 4020/183

## XINJIANG IMPORT, EXPORT VOLUME HITS NEW HIGH

HK140309 Beijing CHINA DAILY in English 14 Apr 87 p 3

[Article by staff reporter Guo Zhongshi]

[Text] The Xinjiang Uygur Autonomous Region is bent on developing at a faster pace than other parts of China this year, in the wake of its success last year sending out more materials to other areas than it received from them for the first time in history.

In an attempt to break away from its traditional dependence on state allocations of agricultural and industrial products, the region last year transported some 250 million kilograms of grain to areas from which it regularly took in millions of kilograms in the past.

Meanwhile, the region's total amount of industrial commodities allotted to other areas was about 27 million yuan (about \$7.3 million), said the region's Chairman Tomur Dawamat.

Tomur told CHINA DAILY in an interview that Xinjiang's import and export volume also hit an all-time high last year, exceeding \$300 million in trade with more than 50 countries and regions.

He attributed the success to the regional effort to reinforce investment in agriculture and industry, improve product quality and upgrade transport and communications facilities over the past several years.

After so many years of absorbing material aid from other places, we have finally stood up all by ourselves and now we want to do our best to keep up the good work in the future," he said.

The local people's government has mapped out a new development plan this year for industry, agriculture, education and cooperation with foreign countries, he said.

"We set our development pace in industry to be about 10 percent faster than that in other places mainly because we are already behind most of them, in terms of economic development," he said.

More investment will be put into agricultural construction at a time when basic conditions such as weather, fertilizer supply and township enterprises are extremely favorable, he said, adding that local government will also encourage farmers and herdsmen to increase their own financial input into their farms and livestock.

Xinjiang has become self-sufficient in fertilizer following the recent completion of a 300,000-ton fertilizer factory, as well as in cement and other major materials, and has started sending out some materials, he said.

The autonomous region also has adopted a series of favorable policies to attract skilled personnel and train locals in its 10 institutes of higher learning, he said.

A number of measures will be adopted to raise funds for economic development in the region, including economizing in production, upgrading energy-saving projects and introducing overseas investment, he said.

The key to improving transport facilities is road construction and railways. A 500-kilometer highway linking Xinjiang and Pakistan is now under construction while a major railway to the Soviet Union, when completed in the near future, will greatly promote border trade between it and Xinjiang, he said.

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CSO: 4020/183

## REPORT ON FOREIGN EXCHANGE, IMPORTS SYSTEMS REFORM

HK051020 Beijing JINGJI GUANLI in Chinese No 2, (undated) pp 33-36

[Article by Liu Qichang [0491 0366 2490]: "Do a Good Job in the Coordinated Reform of the Foreign Exchange and Imports System"--edited by Ji Jingmao [4764 2529 5399]]

[Text] The coordinated reform of the foreign exchange and systems of our nation will stride an important step forward in 1987. This reform is directly related to the supply of imported materials which are necessary for the production and construction of the state on the one hand, and on the other a reasonable allocation of authority, responsibility and profit-sharing among the state, regions, departments and enterprises. It is also important in promoting the implementation of the entire foreign trade and foreign exchange system on an extensive scale and in accelerating the pace of opening ourselves to foreign trade and fostering the development of our domestic economy. All parties concerned should understand the importance of the reform and contribute their utmost efforts in carrying it out.

## I.

From 1979 onwards, with respect to the allocation of foreign exchange, our nation has readopted the profit retention system in light of the need for implementing the reform of the foreign trade system. With the gradual development of various economic reforms, like simplifying administrative procedures and releasing authority, opening our country to foreign trade and developing our domestic economy, the foreign exchange retention method has been amended several times. The retention proportion has gradually increased and a multi-tiered and multi-grade foreign exchange management system has been formed. Years of practice show that the implementation of the foreign exchange retention policy is significant in various respects like opening our country to foreign trade, technological advancement, developing our domestic economy, and arousing the initiatives of regions, departments, and enterprises to make proper arrangements for the growth of exports and non-foreign exchange-generating trades.

The reform of the economic system is a great project. In these years, since reforms in both the production organization management and material supply systems are far behind and have not kept pace with the reform in foreign trade and the foreign exchange system, the state still needs to be responsible for guaranteeing the importation of materials required for production construction



even though the foreign exchange retained by regions, departments and enterprises has increased. In order to ascertain the supply of imported resources and raw materials which are necessary for the market, to direct production targets and priority construction projects as well as to satisfy the need for foreign exchange in exports and reforms in other respects, in the face of insufficient foreign exchange under centralized control the state has to plan as a whole and make proper arrangements for some foreign exchange expenses so that the retained foreign exchange quotas that have already been allocated but not yet utilized by regions, departments and enterprises can be reallocated for other uses. Moreover, in order to maintain a balance in foreign exchange the state adopted a target management method by limiting the use of retained foreign exchange. By doing so although coordination in the reform of production organization and in the supply of resources can be temporarily maintained, the undertaking of the foreign exchange policy is affected and the enthusiasm of regions, departments and enterprises in earning foreign exchange is, in a way, dampened. The repeated allocation of foreign exchange--"a lady has been engaged to several gentlemen"--has posed a potential threat to the overall balance and stability of the economy.

## II.

How do we resolve the conflicts that exist in the coordination of the production organization, the supply of resources, and the allocation of foreign exchange systems? Two proposals are available for selection. The first one is to lower the average foreign exchange retention ratio (some people advocate cancelling the retention of foreign exchange) and increase the amount of foreign exchange controlled by the central government to maintain that the scale and scope of the uses of foreign exchange in exports and other respects are shouldered by the state. The other proposal is to reform the imported management system, and to shoulder the responsibility in the use of foreign exchange according to the proportion of foreign exchange allocated, to reduce and readjust the scale and scope in the use of foreign exchange under the centralized arrangement of the state and to release the authority of the regions, departments and enterprises in utilizing retained foreign exchange. Besides, regions, departments and enterprises will proportionally increase their responsibilities in organizing the importation of resources for production construction and market supply in compliance with the principle of integrating authority and responsibility with profit-sharing.

Further steps have been taken to simplify administrative procedures and release authority, and in satisfying the overall demand for systematically carrying out the reform of the economic system during the "Seventh 5-Year Plan." Economic relations among the various parties have to be developed and improved while mobilizing the enthusiasm of regions, departments and enterprises in earning foreign exchange and in maintaining a balance in foreign exchange for the state. In order to solve the above problems the departments concerned are preparing to launch two reforms in the systems of foreign exchange and the imports of materials from this year onwards.

The first one is to change the unfair phenomenon where the state, though it has already allotted the retained foreign exchange, still reallocates part of it to regions, departments and enterprises for other uses after employing it for importing materials. Relaxation needs to be exercised on the control of the use of foreign exchange so that the amount of foreign exchange available can basically be maintained at a level similar to that of the retained foreign exchange during those years. In this way the foreign exchange earned can really be linked with the foreign exchange used and motivation for earning, retaining and using more foreign exchange can be achieved.

The second reform is to change the uncoordinated condition in which the allocation and use of foreign exchange is not in line with authority, responsibility and profit-sharing. By keeping expenditures within the limits of income the state can be further discouraged from arranging centralized imports and reallocating imported materials. Regions, departments and enterprises are to bear the same economic responsibility as if they were really enjoying the benefits gained from the retention of foreign exchange. After obtaining retained foreign exchange they have to import materials which are required for their own production construction so that such reform demands as integrating authority, responsibility and profit-sharing can be fulfilled.

These two reforms which are complimentary to each other are important to the entire foreign trade and foreign exchange system reform as a supplement, auxiliary and modification. The level of retained foreign exchange during those years can be basically maintained and the policy of earning and using more foreign exchange is made possible. The reforms are also important in further arousing the enthusiasm of regions, departments and enterprises to earn foreign exchange and in promoting work related to exports. Since authority in controlling and using the retained foreign exchange is raised and such a stereotype formula as using whatever materials are imported by the state is partially changed, regions and departments under the guidance of the state's macroplanning can organize and make arrangements for foreign exchange expenditures on a larger scale according to the practical needs of production construction and local conditions. Foreign exchange will be used for justified causes and on priority items. The relaxation on the quota set for the use of foreign exchange has made a larger stage for foreign exchange adjustment and is beneficial to the parties concerned since scattered bits of retained foreign exchange can be better employed. By basing the amount of foreign exchange allocated to them in those years, various parties can keep expenditures within the limits of income, maintain balances for themselves, shoulder their own responsibilities, and make possible the integration of authority, responsibility and profit-sharing. In this way, economic relations can be smoothed out and developed. A phenomenon such as "a lady is engaged to several gentlemen" will not occur as a result of the excessive allocation of foreign exchange and the macro-control over the environment can also be lessened. Moreover, it also paves the way and provides experience for the next step of the foreign trade and foreign exchange system reform. It promotes the economic system reform and the stability and healthy development of the national economy.

### III.

Reform should be a coordinated unification of authority, responsibility and profit-sharing. If regions, departments and enterprises do not bear corresponding economic responsibilities after getting greater autonomous rights, the reform will not be a persistent and lasting one. The reform of the economic system and the release and dispersion of power are done to evolve centralized responsibilities into responsibilities that are shouldered by various levels. The pressure on the small number of general economic management departments is decentralized from the above to the various parties in a lower level. The enthusiasm and initiatives of various management departments and enterprises are mobilized on a large scale while pressures are turned into motivation forces that can enliven the economic bodies and thus accelerate the progress of the socialist modernization construction. This is where the actual goal of the reform lies.

Allocation is the bridge and link that brings production and consumption (it includes productive consumption) together. The import and export structures of our state are different, the production structure of various regions are different, the division of labor in departments and enterprises are different and there are also differences lying objectively among various regions, departments and enterprises in their ability to earn foreign exchange and in their need to use foreign exchange. Besides, since the present foreign exchange retention system lays more emphasis on the earning of foreign exchange and less on the use of foreign exchange, the retention ratios of various grades are not that fair and reasonable. An unbalanced condition in the allocation of foreign exchange is thus caused. It should be noted that in facing the present situation where the overall need for foreign exchange is greater than the supply and the flexibility in imports is relatively small, there are conflicts between the implementation of the foreign exchange retention policy and the imports of materials which are necessary for the balanced development and coordination of the production construction of the national economy. With an aim toward catering to the various needs of the production construction, in order of importance and urgency, though the volume of foreign exchange made available by the foreign exchange and imports systems reform of this year can basically reach the same level as during those years and such principles as earning and using more foreign exchange by various regions and departments are put into effect, the quota set for the use of foreign exchange is not yet the same as the amount of the retained foreign exchange allotted to each unit in those years. In tackling these problems the state has to provide guidance to various areas after making proper planning on the one hand, and on the other further bringing into full play the adjustment function of the organizational foreign exchange market.

The success of the reform relies on the joint efforts made by various areas and levels. Foreign exchange income and expenditures in our nation are still tight this year. The relaxation of the authority of regions, departments and enterprises in controlling and using retained foreign exchange is brought about in the face of the corresponding reduction in the volume of centralized imports and not a fundamental improvement in the demand and supply condition

of the state's foreign exchange. Therefore, cutting down on expenses and strengthening management remain to be this year's important tasks related to foreign exchange. The various units should take the state into consideration and guarantee the preferential arrangement for importing the raw materials and resources necessary for state production construction and the foreign exchange required for developing export production in light of the quota set on the use of foreign exchange for the lower levels. Enterprises that have retained foreign exchange but do not use it immediately should overcome their unwillingness to sell the available foreign exchange. They should take the initiative in contributing their retained foreign exchange so that the state's economic construction can be supported through the adoption of organizational adjustment with a compensation plan.

This reform is an important measure that crashes the "large rice pot" system existing in the use of foreign exchange and in the financial arrangement for foreign trade. It may be faced with various problems. According to the present condition any region that does a better job in work related to exports, and that maintains a higher rate in foreign exchange earnings and a faster growth rate in the quota set on the use of foreign exchange will enjoy a greater flexibility in arranging the use of foreign exchange. Any region or enterprise that achieves better returns in production and operation and that has a greater capability in digesting and absorbing will suffer less of a financial burden. The reform which is linked with economic gains will ultimately promote the growth of foreign exchange earned from exports and improve economic returns. In this way the opening up of our country to foreign trade and economic commercial contacts with countries from all over the world will come to another new climax.

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CSO: 4006/642

## OFFICIAL REPORTS ON FOREIGN TECHNOLOGY IN QINGDAO

OW101053 Beijing XINHUA in English 0756 GMT 10 Apr 87

[Text] Qingdao, 10 Apr (XINHUA)--Existing enterprises in coastal industrial city of Qingdao are main importers of sophisticated foreign technology.

"In Qingdao about 300 enterprises set up before the 1960's have been equipped with advanced equipment and techniques from abroad since the city was granted special status in 1984," a regional official said, adding these enterprises now account for 90 percent of the city's technological imports.

"One of the successful enterprises is the Qingdao refrigerator factory," the official said, "a joint venture between two of the city's existing enterprises and the Federal Republic of Germany."

"By importing an assembly line and know-how from the Federal Republic of Germany worth U.S. \$3.6 million, Zhang Ruiming, the factory's director, said, "we now produce 100,000 refrigerators annually."

"Our factory is showing good economic turnover, which is now ten times higher than the total of the two enterprises when they operated independently," the director said, adding that ten enterprises in Wuhan and Hangzhou have signed technological cooperation contracts with the Federal German factory.

"Qingdao now has 2,000 enterprises involving textiles, rubber products, beverages, machinery and electronics which need technological renovation," an official in charge reported.

According to the official, "the introduction of advanced technology over the past three years has resulted in an increase of more than 2 billion yuan (U.S. \$541 million) in output value for the city, the availability of 2,000 new products, and improved quality of 100 existing products."

The Qingdao micro-electrical machinery factory has come out of a slump after introducing advanced technology and equipment from abroad in 1985, and the plant now turns out products up to international standards.

Qingdao will continue to import advanced technology as part of its technological upgrading program, including joint ventures and compensation trade, during the current seventh five-year plan period (1986-1990), the official said.

## XINJIANG LEADERS CALL FOR SUPPORT IN RAILWAY CONSTRUCTION

HK130955 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 10 Apr 87

[Text] According to a conference on the north Xinjiang railway construction work, which concluded today, construction of the north Xinjiang railway is currently being intensified. Responsible persons from design and construction units said: We must work together with one heart, do all we can to promote the railway track-laying work, and strive in every way to advance the railway track-laying work to Usu before the end of September this year.

The north Xinjiang railway track-laying last year reached Shawan, which is 74 km from Usu. The characteristics of the construction of the Shawan-Usu section of the north Xinjiang railway are: a large number of (?major functions) [qizng han]; a large amount of track-laying correctional work; a long distance in transporting raw and processed materials; a short period of time for construction; and very arduous work.

During their speeches at the conference, Zhang Sixue, Huang Baozhang, and Qi Guo, leading comrades of our autonomous region, demanded that the north Xinjiang railway company strengthen technical and construction management, strictly handle affairs in accordance with the modified design procedures, carry out the emulation drive to build projects meeting all quality standards, launch the drive to increase production and practice economy and increase revenue and reduce expenditures, and strive to improve the quality of projects and reduce the costs of projects. They also hoped that governments at all levels and people of all nationalities along the north Xinjiang railway line would continue giving energetic support to the construction of this railway.

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CSO: 4006/654

## BEIJING-ISTANBUL AIR ROUTE INAUGURATED

OW010556 Beijing XINHUA in English 0542 GMT 1 May 87

[By Zhu Rongying]

[Text] Istanbul, April 30 (XINHUA)--The Beijing-Istanbul air route opened today to promote trade, cultural exchange and friendship between China and Turkey.

Guan De, the deputy director of the Civil Aviation Administration of China (CAAC) told the reporters that the renowned "silk road" has linked China with Turkey since ancient times. This "air silk road" would link the two countries much closer.

A 26-member Chinese delegation led by Guan arrived at Istanbul as passengers of the maiden flight.

The world-famous "silk road" was opened during the Western Han Dynasty (206bc-ad24), connecting the northwest China with the eastern Mediterranean.

An agreement to open China-Turkey air route was reached in principle between the two countries when Chinese Premier Zhao Ziyang visited Turkey in July, 1986. The formal agreement was signed by CAAC and Turkey's Ministry of Communication in December, 1986.

This air route, covering more than 9,700 kilometers, links Beijing, the capital of China, with Istanbul, the biggest commercial city of Turkey, via Urumqi in China's Xinjiang Uygur Autonomous Region and Sharjah of the United Arab Emirates.

CAAC, flying a Boeing-707 plane, will make the round trip on the route every Thursday.

CAAC said that this is one of the five new international air routes opened by the air company this month.

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CSO: 4020/181

## BEIJING-SHANGHAI RAILWAY TO BE MODERNIZED

OW081057 Beijing XINHUA in English 1038 GMT 8 May 87

[Text] Beijing, May 8 (XINHUA)--China has decided to modernize its busiest railway--the Beijing-Shanghai line, which covers 1,462 kilometers from north to east China--the Ministry of Railways announced here today.

A ministry official told XINHUA the Beijing-Shanghai railway will be upgraded as China's first medium-level modernized railway to push forward the railway modernization program for the whole country.

The official said all diesel and electric locomotives will replace steam ones. Wagons and coaches will be larger, heavier rails will be laid, and stations, signals and management will be modernized.

According to the ministry, the modernization scheme has been examined and approved by specialists organized by the State Commission of Science and Technology, and the State Planning and Economic Commissions.

"The most urgent task is to revamp the Beijing-Shanghai line to speed transportation in the east China region, which has 23 percent of nation's population and one-third of the national income," they said.

They stressed that the scheme has great strategic importance not only for the railways, but also for aviation, highway, waterway and ocean-going transport.

According to the ministry, the project for the Beijing-Shanghai railway has been listed as the most important project in the coastal region, which has a total of 16,000 kilometers of railways.

The ministry plans to put all diesel locomotives on the line during the Seventh Five-Year Plan period (1986-1990), and reach the goal of electrification in the Eighth Five-Year Plan period (1991-1995).

When the scheme is completed, the passenger-carrying capacity will grow by 30 percent while the freight capacity will be up by 20 percent. The train will take 15 hours to cover the journey--two hours less than now.

There are more than 190 stations and six terminals in Beijing, Tianjin, Jinan, Xuzhou, Nanjing and Shanghai on the Beijing-Shanghai line and the transport capacity is overloaded by 30-50 percent of the designed capacity.

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CSO: 4020/181



## BRIEFS

CHANGJIANG PORT CONSTRUCTION--Wuhan, 12 May (XINHUA)--During the Seventh 5-Year Plan, the state will invest 1,460 million to build 160 berths, including 12 capable of accomodating 5,000-ton vessels, along the main streams of the Chang Jiang; build a modern passenger waiting building with floor spacing, totaling 90,000 square meters; dredge waterways totaling 190 kilometers; and set up modern water transportation command and management systems in six congested sections of waterways. After these projects are completed, the handling capacity of Chang Jiang ports will increase by 40 million tons. [Summary] [Beijing XINHUA Domestic Service in Chinese 2307 GMT 12 May 87] /9604

AIR SERVICE PROMOTION--Beijing, May 9 (XINHUA)--The Civil Administration of China (CAAC) has set up a 15-member team of models to promote its air services and boost its image, a CAAC official said today. Li Shaowen, director of CAAC's publicity and advertisement department, said, "the organization of the team is an important step to enhance CAAC's competitiveness." The team will advertise CAAC at exhibitions, Li said. The models were selected from 1,500 applicants from all over China. [Text] [Beijing XINHUA in English 0156 GMT 9 May 87] /8309

SOVIET SHIPPING OFFICE IN SHANGHAI--Shanghai, May 13 (XINHUA)--The Soviet Maritime Transportation Company opened an office in Shanghai today. The company's China section was established according to an agreement signed between China and the Soviet Union on establishing shipping agents in both countries. Over 40 people from Shanghai shipping departments attended today's opening ceremony. The Soviet consul general in Shanghai and the local Soviet trade representative were also present. The China Ocean Shipping Company will soon set up a similar agency in the Soviet Union, according to an official. [Text] [Beijing XINHUA in English 1437 GMT 13 May 87] /8309

CHANG JIANG SHIPPING--Wuhan, 12 May (XINHUA)--China is undertaking some 100 infrastructural construction projects to improve shipping conditions on the 2,800 km navigable section of the Yangtze River. These projects will expand the shipping volume on the route by one quarter of the present capacity when completed in 1990. The river carries two-fifths of China's total inland shipping volume. Officials said the country will invest a total of 1.46 billion yuan (about U.S. \$394.2 million) in these projects; the figure represents 2.7 times the total investment in the projects along the river during the period 1981-85. Projects under construction include 23 new berths that will add cargo-handling capacity by 40 million tons a year, as well as passenger lounges, microwave telecommunications facilities and realignment of dangerous sections, said the officials. [Text] [Beijing XINHUA in English 0705 GMT 12 May 87 OW] /9738

## OFFICIAL SAYS PEASANTS' LIVING STANDARD IMPROVING

OW101120 Beijing XINHUA in English 1051 GMT 10 Apr 87

[Text] Beijing, 10 Apr (XINHUA)--The living standard of Chinese peasants has been markedly improved, an official of the State Statistics Bureau told XINHUA today.

"According to a sample survey of 66,000 peasant families nationwide, last year's annual expenditures increased 8.3 percent over 1985, exclusive of price increases," the official said.

Peasant households bought less food, clothing and fuel, but the variety of food and clothing improved. The proportion spent on food was 56.4 percent, on clothing, 9.5 percent, and on fuel, 5.2 percent.

Housing conditions were also greatly improved, with an average peasant occupying 15.29 square meters of living space, an increase of 0.59 square meters over 1985.

Expenditures on entertainment also increased, and for every 100 households now 4.7 have black and white or color TV sets.

"The problem facing peasants now is that income growth does not meet that of expenses and investment growth in production is less than that of current expenditures," according to the official, "and we need to instruct peasants in how to deal with immediate and long-term investments and the relationship between expenditures, production and accumulation."

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CSO: 4020/187

## 'AGRICULTURAL REVOLUTION' UNDERWAY IN NORTHWEST

OW020228 Beijing XINHUA in English 0124 GMT 2 May 87

[Text] Lanzhou, 2 May (XINHUA)--Another "agricultural revolution" is now under way in northwest China, one of the country's poorest regions, involving both peasants and technicians, XINHUA learned today.

This "revolution" aims to spread practical, inexpensive agro-techniques, officials here said, adding that the first "revolution" is the institution of the incentive-based system of responsibility under which farming is done on a family basis.

Agro-technicians and peasants have together started demonstration farms totalling 688,000 hectares in Gansu, Shaanxi and Qinghai provinces and Ningxia Hui Autonomous Region, the officials said.

There are also villages specializing in farming demonstration plots under the guidance of technicians to show people in surrounding villages how to increase per unit output, the officials added.

The officials cited the example of Chen Guoliang from the Northwest China Soil and Water Conservation Institute of the Chinese Academy of Sciences, who has lived for years in a mountainous village in Ningxia teaching farmers to use the land still better.

Chen has developed a new pattern of production that ensures a simultaneous development of farming, forestry and animal husbandry--planting trees in valleys and grass on the mountain top while building terraced plots on the slope for crops.

Following his instruction, farmer Huang Zhangong earned 3,800 yuan (U.S.\$1,027) from a hill he had contracted from the village, and built a new house last year.

Technicians have used system engineering theories to direct farming in the 270,000 sq km Gansu corridor, the major grain producer of Gansu Province. While helping peasants there increase grain output, they teach them to make use of the long sunshine hours in the area to produce more fruit and melons that enjoy a ready market in China and abroad, the officials said.

China now has 700 agro-technical centers in its 2,200 counties, which provide information, consultation, personnel training and other services while spreading agro-techniques.

## AGRO-TECH RESEARCH ORGANIZATIONS BENEFIT FARMERS

OW280950 Beijing XINHUA in English 0746 GMT 28 Apr 87

[Text] Beijing, April 28 (XINHUA)--Various forms of self-sponsored agro-tech research organizations in China's rural areas have become an important force in raising the educational level of the country's 800 million farmers and improving their skills.

According to today's CHINA DAILY, there were 72,000 such organizations throughout the country by the end of last year.

The emergence of these self-supported organizations is a result of the country's rural economic reforms, in which farmers have found it imperative to rely on technology to survive and prosper in an increasingly competitive economy.

During the past few years, the organizations have shown extraordinary vitality in scientific activities, technology exchanges and the development of rural industries.

Wu Jinxiang, a self-educated citrus expert from Haijing village in Jianyang County, Sichuan Province, started a citrus research society in 1985 together with 25 villagers.

They built a laboratory and bought the necessary equipment by transferring technology and supplying top-quality seeds, they spread their findings to the whole village. The results were remarkable.

The per capita income of the village reached more than 1,000 yuan in the very same year and over 1,700 households became specialized citrus growers.

Last year, the vegetable research institute in Chengjiao village, Zhongwei County in the Ningxia Hui Autonomous Region, helped spread the use of plastic sheeting throughout the village.

The value of each mu (15 mu are equivalent to one hectare) of vegetables rose from 300 yuan to more than 1,000 yuan.

These research organizations have also been functioning as a bridge between state-run science and technology institutes and universities and individual farms.

The Ginger Research Society in Zhangjiaquan village, Laiwu County, Shandong Province, has kept a close eye on the latest developments of the international ginger market since it was set up in 1984.

With their technical help, ginger growers improved production and processing, enabling them to break into overseas markets. In 1986, the whole village sold 97,000 U.S. dollars worth of ginger abroad, nine times the 1984 total.

Since these societies and institutes have been organized on a voluntary basis by local experts, their findings are soon put into practice. What's more, they don't cost the government a penny.

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CSO: 4020/178

## BEIJING FACING SERIOUS WATER SHORTAGES

HK040128 Beijing CHINA DAILY in English 4 May 87 p 4

[Text] One day during the summer of 1983, the water supply was shut off in most of Beijing. Enterprises, hospitals and ordinary citizens faced a crisis. For the city's 37 years as the capital, Beijing residents tasted for the first time the bitter fruit of demand for water outstripping the supply.

Among the 40 cities with serious water shortages in China, Beijing stands out sharply. The water available to the city each year ranges between 4 and 4.2 billion cubic meters, or 3.3 to 3.5 billion cubic meters in a dry year. The annual per capita consumption is 400 cubic meters, 17 percent of national average, according to the Beijing SCIENCE AND TECHNOLOGY NEWS.

Each year an average of 626 millimeters of rain falls on the capital, of which 85 percent comes in the rainy season in July and August. Several wet years are usually followed by successive years of drought.

The main water sources of Beijing--the Yongding River, Chaobai, Beiyun, Juma and Goucuo rivers--all start in water-short Shanxi or Hebei Province. They cannot be fully relied on since they are seasonal.

Besides being affected by the use of water by neighboring areas, Guanting Reservoir, one of Beijing's main reservoirs, has seen its supply decrease from 1.9 billion cubic meters in the 1950s to 500 million cubic meters in the early 1980s and 300 million cubic meters in 1984 and 1985 because of a long succession of dry years.

A time of reckoning is near. Experts estimate that by 1990, the Yongding River will have dried up, emptying pipelines to the Shijingshan Power Plant, to the Capital Iron and Steel Complex and to the 300,000 people inhabiting Mentougou and Changxindian districts.

What is worse, Guanting Reservoir has lost 600 million cubic meters to silt, seriously diminishing its normal function of flood control. This is having severe consequences for Beijing, the newspaper said.

Some very short-sighted means have been used to meet the demand. A total of more than 40,000 motor-pumped wells have left the city in a dilemma. There are 10 to 20 wells per square kilometer in the suburbs and five to six in the outer suburbs. They reach varied waterbearing strata, some at a depth of 50 to 100 meters and others at 100 to 200 meters. At present, 2.7 billion cubic meters of underground water is exploited annually, exceeding the set limit of 2.4 billion. The overexploitation has given rise to three disastrous effects.

First, underground water has been gradually drained dry. The 300 wells operated by six waterworks can now provide the city with only 800,000 cubic meters of water each day, as compared with an original 1.2 million cubic meters. The decrease has been at a rate of 50,000 to 70,000 cubic meters a year, and water sources in the Canhgxindian and Yungang areas have already been exhausted.

Second, water quality is deteriorating. Dozens of wells have been disused because of pollution. The water in an area of 250 square kilometers was determined to have fallen below the sanitary standards in terms of hardness and nitrate content.

Third, about 700 square kilometers in the eastern suburbs has sunk, by as much as 0.55 meters in the center.

A solution is hard to find, the newspaper said. With urban construction growing at a fast pace, the city's water system every day collects 1.3 million cubic meters, falling 200,000 to 300,000 cubic meters short of demand. This gap will grow to 600,000 cubic meters next year, experts estimate.

Daily industrial and civilian use of water will reach 2.2 million cubic meters in 1990 and 3 million at the end of the century.

To meet that demand, the No 9 Waterworks must be put into use before 1990, and then a bigger No 10 Waterworks must be built to process 1 million cubic meters a day, the newspaper said.

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CSO: 4020/185

## JINGJI RIBAO REVIEWS AGRICULTURAL DEVELOPMENT

HK270525 Beijing JINGJI RIBAO in Chinese 7 Apr 87 pp 1, 2

[Article by Liu Zhongyi (0491 0022 0001), vice minister of the State Planning Commission: "Sober Estimation and Effective Measures"]

[Text] The long-term steady development of agriculture is the guarantee for social stability, the basis for the all-round development of the national economy, and the necessary condition for the smooth progress of the economic, and political structural reforms. It is, therefore, a long-term strategic issue that has a bearing on the whole situation.

## Major Developments in China's Agriculture Since 1980

From 1979 to 1986, China achieved an annual average increase of 10.7 percent in agricultural output value and grain output rose by 8.425 billion kg and cotton output increased by 190,000 tons a year. The average peasant income increased from 160 yuan to 424 yuan during the same period. This is all-round and high-rate development, and can be said to be ultrahigh-rate development.

In recent years the ultrahigh-rate of agricultural development has had its specific conditions:

The implementation of the contract household responsibility system with payment related to output has overcome the malpractices of egalitarianism and "eating from the same big pot," and mobilized the peasants' enthusiasm for production. The localities and peasants now enjoy decision-making power in production and we have given play to the roles of suiting measures to local conditions and taking advantage of one's merits while avoiding one's shortcomings. The state purchase prices for major agricultural products have been raised by a rather wide margin, with the price control for many items of farm and sideline produce eliminated, while the circulation channels of farm produce have been widened, and the strength and vitality of agricultural development strengthened. The general layout and structure of farming, agriculture, forestry, animal husbandry and fishery has undergone readjustment. Diversified management in rural areas has been upheld and given support, and the strength and vitality of agriculture and economic development in rural areas strengthened. The technical level of agricultural production has been somewhat upgraded and the supply of industrial products for agriculture somewhat improved. While the role and potential of many water



conservancy projects and capital construction on farmland built over the years are making themselves felt.

### The New Situation and Tasks Facing Agriculture and Economic Development in the Rural Areas

On the one hand, some motivating forces in agricultural development have taken on a reduced trend.

1. The marked role of the contract responsibility system with payment related to output on two household basis in pushing forward the development of productive forces was mobilized under the existence of the specific condition of the malpractice of "eating from the same big pot," and is suitable to a certain level of productive forces. But when such a condition is changed it will gradually lose its specific role. Therefore, both the existing structure and scope of management and operation need to be further developed and improved.

2. With the peasants given their decision-making power in production management, such malpractices of "issuing confused orders," "requiring unanimity in everything," excessive control and too rigid restrictions in the past are eliminated. However, the new problem of how agricultural production should adapt itself to market demand and supply remains unsolved under the new situation of the gradual development of the commodity economy. The demand-supply contradiction reflected in the inconsistency in the supply of agricultural produce in recent years has illustrated this well.

3. In the several years since the state purchasing prices of agricultural produce were raised the price parity in agriculture itself, and between agriculture and industry has undergone complicated changes, while its incentive force has weakened step-by-step.

4. The multiple-sector economy of town and township enterprises in particular has developed from the initial stage to that of market selection and competition, and is facing a series of new problems such as the product mix, cost, quality and the protection of natural resources; and new economic results are possible only with new progress and improvement.

5. The decline in natural resources in some respects (including the shrinkage in arable land, depletion of forest resources, and insufficiency in water resources,) and the short supply of industrial products for agricultural purposes have formed constraining factors worthy of attention.

All these new problems are affecting the peasants' enthusiasm and intention for production from different angles.

On the other hand, the tasks for agriculture have gradually increased.

First, the natural growth of the country's population has brought about an increase in the gross volume of grain consumption; and second, with the continuous upgrading in the consumption standards of the people throughout the nation, the requirements for the quantity, quality, varieties of farm produce

and its processing have grown higher and higher. The export of farm and sideline produce and their processing will still be a major pillar in China's foreign trade, and this demands that agriculture take up greater tasks.

Factors in the gradual weakening of the motivating force of agricultural development, and the gradual increase in its tasks have led to difficulties in agricultural development in China. Therefore, we must stress the following:

First, it is necessary to attach great importance to agricultural development and to be determined to adopt major measures to strengthen agriculture.

Second, it is necessary to have a full estimation of the protracted nature and the characteristic of gradual progress regarding China's agriculture and its rural economic development.

Third, failure to forge ahead with China's agricultural development relative to social demand means a reversal just like sailing against the wind.

And fourth, since agriculture is affected by natural conditions we cannot be too specific about its long-term and steady progress. We can only hope for a general steady situation, but small fluctuations are inevitable, and not infrequent at that. Therefore, a necessary reserve is an important condition in maintaining stability. We must have a sober estimation regarding these points.

To Realize the Long-Term Steady Progress of Agriculture it is Necessary to do Our Best to Achieve "Steadiness in Four Areas" in Our Macroscopic Decision Making

It is necessary to have a generally steady layout. This includes the layout for agriculture, forestry, animal husbandry, and fishery, and the layout for mainly cultivating such staple crops as grains, cotton, edible oil, and sugar. This is because the characteristics and advantages of developing agricultural production in various parts of the country are basically constant, while the volume of various farm products in demand is also steady on the whole, and grows with each passing year. Thus a generally steady layout for agriculture is not only possible but necessary.

On the basis of a generally steady layout for agricultural production it is necessary to form a basically steady regional production-marketing relationship to shift staple crops on to the track of planned commodity circulation. If the major channel is capable of playing its guiding role, it will be all the more favorable in relaxing and invigorating the trading market in the rural areas and the healthy development of market regulation.

Regarding agricultural construction funds, goods and materials for agricultural purposes, and technical forces, it is necessary to organize steady investment in them with gradual annual growth. At the same time, practical and effective control measures should be implemented, with compensation for their utilization, rights and responsibilities and comprehensive arrangements. And the problem of eating from the same big pot with nobody taking the responsibility must be solved in a down-to-earth way.

It is necessary to basically stabilize the economic managerial system with the contract responsibility system linked to production as its core. Regarding the expansion of the basic unit in the contract responsibility system linked to production, and implementing the role of "the return to scale," gradual evolution based on the level of development in productive forces and the development of socialized production is desirable, and their forms should be varied, and not uniform.

To Form New Motivating Forces for Agricultural Development it is Necessary to Adopt Several Major Measures

1. In the "Seventh 5-Year Plan," national investment in agricultural capital construction will grow by a large margin. It is necessary to make full use of this favorable condition to achieve the following aims: First, it is necessary to conduct reform in the measures for the control over agricultural investment. Beginning in 1987 newly increased investment on an annual basis will no longer be allotted by responsible administrative departments, with the exception of arrangements for necessary large water conservancy projects. The economic responsibility system will be implemented, with state investment used with compensation, rights linked to responsibilities. Second, it is necessary to popularize the experiences over the past four years in building commodity grain bases on a trial basis, to enlarge the construction scope of the bases, and to form a rational layout and comprehensive development utilization of major farm produce through building these bases, in accordance with the principle of using advantages. And third, it is necessary to make use of the state's input to attract the financial power of local governments at all levels and the society to develop agriculture in concerted efforts.

2. It is necessary to regard projects aimed at increasing the output of major goods and materials for agricultural purposes, such as chemical fertilizer, as key construction projects and we should make appropriate arrangements for them in the state plan. We will strive to increase the input of goods and materials for agricultural purposes by a wider margin during the "Eighth 5-Year Plan."

3. The state commercial system should do a good job in the purchasing, storage, transportation, regulation, and arrangements for major agricultural products, while organizing the timely supply of goods and materials for agricultural purposes. This is extremely important for the steady development of agriculture, and will significantly affect the trend of the rural trade market and the prices of agricultural products. We should attach great importance to this work and strengthen it in a big way.

State commerce should purchase and procure enough major agricultural products (such as grain, cotton, edible oil, sugar, and hogs) through the following channels: First, the contract system of purchasing major agricultural products. Based on China's actual conditions the state's contract system of purchasing major agricultural products as well as the total volume of grain to be purchased under contract must be stable. The purchasing prices and good and materials sold to peasants as a token of rewards will be gradually improved based on what is possible. Second, regarding the contracts or accords on the building of commodity stockpiles, stipulations should be made

on certain varieties and prices for those commodities to be transported out of these stockpiles. And third, by sizing up the situation, the state commercial networks and organizations should purchase major agricultural products that the state needs from the farm produce markets in various localities throughout the nation.

Only when the state commercial system has controlled a certain amount of agricultural products will it be possible to achieve appropriate arrangements and effective regulations, to keep prices under control, and to form a planned commodity economy in the production, supply and marketing of agricultural products.

4. It is necessary to link new input with the popularization of new technology, and the development of new realms in agriculture. This is the fundamental way to upgrade the level of agricultural productive forces, increase social wealth, consolidate the agricultural basis, and strengthen the staying power of agriculture. The state will give priority to the development of science and technology in its increase in agricultural investment from now on.

Various aspects should be included in the development of new realms in agricultural production. It is necessary to change the old concept that development means the pursuance of large-scale land reclamation. In the immediate future, the focuses on agricultural development are first the shores, grass hills and slopes scattered all over the country. The second focus is field management. Intensive farming is to be upheld, "courtyard farming" is to be developed, and the utilization rate of land is to be raised. The third focus is the transformation of low-yield land. And the fourth is the comprehensive use of various farm and sideline produce. The potentials are great and much can be accomplished in these areas.

Of course, it is also necessary to gradually reclaim some waste land and to transform or construct some grassland in places where conditions allow.

5. It is necessary to continue to develop processing, extraction, and building industries and social services trades based on the resource conditions and market demand in various localities in order to fully mobilize the potentials of natural resources in the vast rural areas, to increase social wealth, and to expand the rural capacity for labor forces. It is necessary to stick to the development orientation of combining agriculture with industry and commerce, to help industry grow with agriculture, and to support agriculture with the income of industry, in order to gradually accomplish assistance and support between the various economic departments in the rural areas, and to form a favorable cycle of rural product mix. It is necessary to pay attention to preventing the separation of agriculture from industry and commerce, and to reversing the trends of weakening agricultural production and of the sheer pursuit of profits and becoming rich. The transfer of rural labor forces should be the result of agricultural technical progress and the upgrading of agricultural labor productivity. The outward transfer of agricultural labor forces is healthy and normal only when the quality of agricultural labor forces is continuously upgraded with the sustained development of agricultural production. At present, able-bodied and

"talented" people are flowing out from the rural areas. This trend in the transfer of agricultural labor forces is abnormal and should be solved by adopting policy measures.

#### The Long-Term and Steady Development of Agriculture in China is Possible Only by Adhering to the Planned Commodity Economy

Practice in recent years has proved that if the law of value and market demand-and-supply relations are mainly or completely relied on as a regulator, we will meet two contradictions beyond solution: First, China has very low levels of agricultural technology and equipment; in no way can it compete with any production department or trade other than agriculture. If the "organizational formation" of agricultural departments is to be realized by averaging the profit rates of investment, then, it is absolutely beyond the capacity of the state and society to bear the lashing of either the decline in agricultural production or the price-rocketing of agricultural products. And second, China is as vast in its territory as it is backward in its agriculture and its access to information as well as its communications are poor, the contradictions in the market demand and supply will affect in turn all trades in agriculture, and form an inconsistent supply of various farm produce items and prices will spiral. Stability and development are out of the question if the above-mentioned conditions occur.

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CSO: 4006/627

## GANSU MEETING URGES GOOD JOB IN SPRING SOWING

HK010356 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 30 Apr 87

[Excerpts] The provincial party committee and government held a telephone conference on 30 April, which called on the province to urgently mobilize and grasp the present favorable opportunity of moisture to sow the autumn-harvested crops, so as to make up for summer losses in the autumn. The province should work hard for 2 weeks to complete the grain sowing plans and strive for a bumper harvest this year.

Vice Governor Lu Ming presided at the meeting. Jia Zhijie and Li Ziai made speeches.

Most parts of Gansu have had several good falls of rain since mid-April, which have eased the drought in varying degrees. This has been very favorable for sowing the autumn grain and for the growth of the summer crops.

Jia Zhijie said: Summing up the experiences of history in connection with the current situation in fighting drought, seizing the chance of moisture to sow the autumn crops and make up for summer losses in autumn will play a key role in fulfilling the year's grain production task. Due to the drought, the summer grain crops have grown poorly in some places. In view of this, we must sow more autumn grain, and strive for a sown area of about 15 million mu.

In order to fulfill still better the task of seizing the chance of moisture to sow the autumn crops and strive for a bumper harvest, Li Ziqi stressed that the party committees and government at all levels must regard this as the current overriding central task.

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CSO: 4006/657

## JILIN PROVINCE BIGGEST EXPORTER OF MAIZE

OW171228 Beijing XINHUA in English 1116 GMT 17 May 87

[Text] Changchun, 17 May (XINHUA)--The maize belt in Jilin Province has become China's biggest maize producer and exporter, a government agricultural official said.

The maize belt, which covers 13 counties and cities in the northeast China province, with 1.3 million hectares grown with maize, harvested some 7.74 million tons and exported 2.5 million tons of maize to countries including Japan and the Soviet Union in 1986, nearly half of the national export figure, the official said.

Meanwhile, business people from more than 20 provinces and autonomous regions come to purchase maize during the autumn harvest every year.

"Farmers in the region have received government funds amounting to 380 million yuan (about U.S.\$102 million) since 1982," said Vice Provincial Governor Wang Jinshan, adding that advanced farm cultivation techniques have also been applied.

"As a result, the output of maize last year registered up to 6,000-7,000 kg per hectare, two or three times as much as in the 1970s," Wang said.

The state raised the maize purchasing price and provided farmers with fertilizers and diesel oil at preferential prices.

"The region has built 39,000 rural processing industries including chicken farms, fodder factories and starch mills. They turn out a combined annual output value of 400 million yuan, a local agriculture official said.

A leading Chinese economist predicted that the region will become a comprehensive economic development zone covering farming, forestry, animal husbandry, sideline occupations and fishing in northern China in the near future.

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CSO: 4020/185

## QINGHAI OFFICIAL INTERVIEWED ON GRAIN SUPPLY PROBLEMS

HK040557 Xining Qinghai Provincial Service in Mandarin 0430 GMT 4 May 87

[Text] After the opening of panel discussions at the fifth session of the Sixth Provincial People's Congress, newsmen interviewed Yang Jingfu, a deputy to the session and director of the provincial commerce department, to ask about grain supply problems which are of current concern to the masses.

Yang Jingfu, explaining the purpose of the interview, said that since the provincial authorities adopted certain measures regarding grain supplies, there has been some reaction among the masses and certain savings have been spread in society. It is very essential that the media units help in carrying out propaganda and giving explanations regarding these measures.

Yang Jingfu said: Many places throughout the country have adopted some new measures and methods in grain supply. The intention is to change the wastage caused by the previous lack of control and planning, by readjusting the methods of purchasing grain. As the masses' living standards are still quite low, plus the fact that the policies we have adopted are not yet perfect, while propaganda and education work has failed to keep up with requirements, it is understandable that certain views and opinions have emerged among the masses. However, once a policy has been laid down, it cannot be lightly changed just because a few people object to it. We have decided to spend some time soliciting people's views and to further perfect our work, to satisfy the masses as far as possible.

Yang Jingfu said: Although Qinghai cannot yet attain self-sufficiency in grain, there are ample state shipments and there is no problem in meeting the requirements of people's daily life and production in both quantity and quality.

On certain current sayings in society regarding grain supply, a newsman asked: Some people say that urban residents' unused grain ration coupons held by them in reserve will become invalid. Yang Jingfu replied: as there is no change in the state's policy on economizing, this question does not arise.

A newsman asked: It is rumored that some miscellaneous grains will be mixed in with urban residents' grain rations. Is this so? Yang Jingfu said: There is no foundation for this notion. Although some corn has been shipped into Qinghai, this is all for use as fodder. In the future the masses' grain rations will remain 100 percent fine grains.



A newsman asked: Is rice to be supplied in restricted amounts? Yang Jingfu replied: We have no such intention at present. He added: At present, the masses are always seeking to buy the best quality grain. However, as there are limited varieties of fine-quality rice, some grain shops may appropriately restrict supplies of a certain variety. However, the method of supplying an ample variety of rice will not change.

A newsman said: Since the grain supply method was readjusted, the masses say that the service quality in some grain shops in Xining has deteriorated, and certain shop staff have caused an artificial shorage by reserving supplies for their relatives and friends.

Yang Jingfu said: It is a fact that this situation exists. The provincial and city commerce departments are therefore preparing to step up education in professional ethics for the staff and workers. They will also strengthen controls and promptly solve problems when discovered.

Yang Jingfu also said during the interview: Grain work is related to the overall situation, and the relevant policies set by the state are extremely prudent. The masses should not be quick to listen to rumors and still less should they pass them on. The departments concerned should hold accountable certain people who fabricate rumors, to ensure that we can carry on our work smoothly.

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CSO: 4006/657

## QINGHAI PEOPLE'S DEPUTIES DISCUSS RURAL PROBLEMS

HK040601 Xining Qinghai Provincial Service in Mandarin 0430 GMT 4 May 87

[Excerpts] The deputies attending the fifth session of the Sixth Provincial People's Congress have actively put forward views and suggestions on agricultural and animal husbandry production in the course of discussing Governor Song Ruixiang's government work report.

Deputy (Han Shaowen) said: Farmland has been allowed to go to waste to a serious extent in some counties and townships in recent years. The departments concerned have failed to keep abreast of rural needs in supplying services. The commercial departments have not done well in supplying chemical fertilizer. He proposed that all levels in the province summon up resolution to solve the chemical fertilizer supply problem.

Deputies (Han Demin), (Lian Yusheng), and (Su Qiyang) said: It is now 6 years since the rural areas started to practice the contract responsibility system. There have been great changes in the rural population during this period, yet there has been no change in the land areas originally contracted. Now, some peasant households lack enough grain to eat because they have many family members and little land, whereas others have large tracts of land but only a few family members to work them. This affects grain production. The provincial government should study and resolve these problems.

Deputy (Zhang Jingjia) said: The peasants have had little enthusiasm for growing grain in recent years. The main reason is that the grain price is low, while the cost of production materials is high. The peasants' enthusiasm for growing grain will rise correspondingly if this problem can be solved.

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## GOVERNOR ON PRICES, KEY PROJECTS, AGRICULTURAL TASKS

HK0306021 Xining Qinghai Provincial Service in Mandarin 0430 GMT 3 May 87

[Excerpts] Governor Song Ruixiang said in his government work report to the fifth session of the Sixth Provincial People's Congress: We have made relatively great readjustments to irrational prices since the 3d Plenary Session of the 11th CPC Central Committee. Generally speaking, progress has been smooth, and marked results have been achieved. It is a fact that prices have risen a bit more than previously in the course of the price reform. However, the price readjustments have spurred economic development, and the increases in people's incomes have far outstripped the increases in prices. Everyone can see this for themselves.

Last year the province's retail price index rose by 6.1 percent, while average worker wages rose by 10.5 percent, income for urban residents' daily living expenses rose by 16.8 percent, and average peasant and herdsman net income rose by 7.6 percent. Real living standards rose in varying degrees.

However, the price issue is a very difficult one, because it involves millions of households. To ensure that price reforms can be carried out more steadily, we must continue to implement the principle of combining readjustments with lifting restrictions and making steady progress, carry out the work with caution, and achieve both steadiness and care. This year, the price reforms will be restricted to readjusting prices or lifting price restrictions on a very small number of products where such measures are imperative. The rise in the retail price index this year should be lower than for last year.

We must strictly enforce price discipline. Areas and departments are not permitted to readjust prices ahead of schedule. Controls must be strengthened over non-commodity charges and fees. It is necessary to do a good job in providing guidance, control, and coordination regarding the lifting of price restrictions. We must further step up guidance, supervision, and inspection of market prices, and strictly ban all types of indiscriminate collection of fees, price hikes, and disguised price hikes. We should also welcome the masses to exercise supervision.

Song Ruixiang said in his report: In accordance with the demands of the Seventh 5-year plan in Qinghai, we have initially decided on the following local key projects in the province for 1987: Xining leather chemical plant, Qinghai down products plant, (Caojipu) airport, Sining No 5 water source, and the (Minguo)

highway. Investment for these projects should be arranged in a rational way according to the progress of their construction. We should ensure that they are completed and put into commission as soon as possible.

Song Ruixiang said in his report: This year we must continue to implement the principle of actively promoting diversification without any slackening of grain production, and ensure the fulfillment and overfullment of the grain and oil production plans. The government at all levels and the departments concerned must take effective measures to vigorously grasp grain production.

In policy, we must further perfect the grain contract purchase system. Through education and propaganda, we should enable the peasants to clearly understand that these contracts are duties they are obligated to fulfill, and that their fulfillment must be guaranteed. The government at all levels must seriously implement the relevant regulations of the State Council and the provincial government and take effective steps to ensure that the policies of linking grain to fertilizer and diesel fuel are made good, so as to gain the people's trust.

In management, we must organize an emulation drive for high grain output, with the county as the unit. We should also organize technical contracts for high grain yields on 10,000 mu. We must manage and use well the grain production development funds.

We must also strictly control the indiscriminate occupation and use of farmland, ban the practice of allowing farmland to go barren, and stabilize the grain area. The area of farmland to be occupied by the state and the collectives this year must be kept below 20,000 mu.

In animal husbandry, we must focus on three main tasks this year: 1) Improve the strains of sheep and cattle, gradually put the strain improvement setup on a sound basis, and step up scientific research in this topic. 2) Adopt a variety of forms to build bases for fattening livestock, and vigorously popularize the practice of having the pastoral areas raise livestock and the agricultural areas fatten them. 3) Do a good job in building fences and pens, protect and make rational use of natural pastureland, and actively plant fodder crops and develop artificial grass sowing.

We should strive to improve the quality of animal products, and raise their output.

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CSO: 4006/657

## QINGHAI RADIO ON CHEMICAL FERTILIZER SHORTAGE, MEASURES

HK030715 Xining Qinghai Provincial Service in Mandarin 0430 GMT 29 Apr 87

[Text] Dear listeners, the serious handling of the case in which a very few leading cadres of the Guinan County (Minzu) Trade Corporation illicitly distributed quality chemical fertilizers for the purpose of reselling them at a profit has safeguarded the peasants' interests. This matter deserves to be taken seriously by relevant departments of all areas.

This year quality chemical fertilizers have been in rather short supply in our province, and our agricultural districts have also been suffering from a serious drought, thus bringing about quite a few problems in this year's grain production. Under these circumstances, having unblocked channels for chemical fertilizer circulation, and honoring our promise to unreservedly sell chemical fertilizers to the peasants, and particularly our promise to award the sale of quality chemical fertilizers to those peasants who have fulfilled purchase quotas for grain and oil-bearing crops, are undoubtedly important ways to protect the peasants' enthusiasm for delivering [song] grain and to ensure successful grain production for this year.

According to the available data, relevant provincial departments have already distributed all the quality chemical fertilizers for this year to supply and marketing departments at the prefectural and county levels. However, up to now some areas' peasants with chemical fertilizer coupons are still unable to buy chemical fertilizers with their coupons. What on earth are the reasons for these phenomena? All areas must conscientiously make investigations in this regard. If there are cases that are similar to the Guinan County case, such cases must be seriously handled without mercy. If such cases are caused by shortcomings in work, relevant areas must adopt proper measures as quickly as possible to enable their peasants to promptly buy chemical fertilizers for promoting production.

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CSO: 4006/657

STUDIES OF CAPSULAR SUBUNIT VACCINE AGAINST FOWL CHOLERA. II. POTENCY TEST, DURATION OF IMMUNITY AND ITS EFFECT ON EGG PRODUCTION IN HENS AND DUCKS

Tianjin XUMU SHOUYI XUEBAO [ACTA VETERINARIA ET ZOOTECHNICA SINICA] in Chinese No 4; Nov 86 p 275

[English abstract of article by Lin Shitang [2621 0013 2768], et al., of the Animal and Veterinary Sciences Research Institute, Fujian Academy of Agricultural Sciences, Fuzhou; Yang Su [2799 5685] of the Department of Electron Microscopy, Fujian Academy of Agricultural Sciences, Fuzhou; Jin Shi [6855 3740], et al., of Fujian Factory of Veterinary Bioproducts and Pharmaceuticals, Fuzhou]

[Text] A capsular subunit vaccine against fowl cholera has been produced using antigens extracted from the C48-(A:5) strain of Pasteurella multocida with a cold saline solution. The results of the experiment show that chickens and ducks vaccinated (i.m. or s.c.) with 0.5 ml of vaccine containing 1.1-2.0 mg protein could resist the challenge of a virulent strain of Pasteurella multocida. In several tests, the rates of protection in vaccinated chickens and ducks ranged from 70 to 100 percent. It was found that the rate of protection could be maintained above 70 percent for 3, 4 and 5.5 months after vaccination. There was no significant difference in the rate of egg production between the vaccinated and nonvaccinated hens and ducks.

9717

CSO: 4011/24

## STUDY OF DEVELOPING TENDENCY OF CHINA'S FOREST RESOURCES IN 2000

Dalian LINYE KEXUE [SCIENTIA SILVAE SINICAE] in Chinese No 1, Feb 87 p 60

[English abstract of article by Comprehensive group for the Study of China's Forestry in 2000, Chinese Society of Forestry]

[Text] This paper is an epitome of a comprehensive report of an early-stage study of forestry in 2000. This study seeks different ways for forestry construction to serve the overall development of society. It discusses and proves that cultivation of forest resources is a program of fundamental importance to forestry construction. This paper expounds the basic viewpoints of the study, such as study the development of forest resources from the viewpoints of entirety, interrelation and development, and study the construction of forest resources from the viewpoint of broadening sources of income and reducing expenditures. Starting from these viewpoints, the authors carry out a quantitative calculation of the developing tendency of forest resources in China and draw an outline of long-term forestry development in China, concentrating on exploring various constructive plans to put an end to the decline of resources for selective discussion and final selection by policy-makers. The authors also present opinions on later-stage work--a guideline for study of the strategy of forestry development.

9717

CSO: 4011/36

## OCCURRENCE OF HAPLOID CHROMOSOMES IN COTTON POLLEN

Beijing ZUOWU XUEBAO [ACTA AGRONOMICA SINICA] in Chinese No 1, Mar 87 pp 87-88

[Article by Li Xiulan [2621 4423 5695], Cotton Research Institute, Chinese Academy of Agricultural Sciences: "Cytological Study of Microspore Development in Cotton Anther Culturing"]

[Abstract] The 1977 discovery of a small number of haploid chromosomes in a cotton anther culture medium prompted research on how such cells form and develop. This research, which lasted 4 years, ultimately led to further research to see whether microspores could be made to produce sprouts or seedlings.

Five different varieties of upland cotton (*Gossypium hirsutum* L.) were used in the experiments, and the basic culturing media were MS and B<sub>5</sub> to which activators and plant growth hormones had been added, the amount of sucrose increased, and the pH adjusted to 6.8.

A total of 725 anthers were cultured for different periods of between 3 and 30 days. After 3 days of culturing, cell walls disintegrated or did not form correctly. After 7 days of culturing, anther cell walls exhibited callosity, but chromosomes in the callous tissue were diploid; however, the pollen in 25.8 percent of the anthers showed an arrest of cell division and haploid development. After further culturing, large amounts of the pollen aborted; numerous aberrations in development occurred in other pollen cells such as disintegration, shrinking or disappearance of protoplasm, a large increase in cell vacuoles, and the formation of giant cells or storage cells, rendering these cells incapable of dividing to become embryos or callous tissue. Only 1.35 percent of the 276,569 grains of pollen observed had haploid chromosomes with two, four, or more nuclei. The number of multi-nuclei, multi-cell pollen increased with the number of days of culturing, cresting at between the 21st and 26th days. Some multi-cell pollen seemed likely to form embryos.

Both the MS and B<sub>5</sub> culturing media were found suitable for the culturing of cotton anthers, but during the later stages of culturing, the MS was less effective in inducing multi-nuclear mitosis. Proper amounts of activator and growth hormone were extremely important. The cell nuclei of different varieties of upland cotton also divided at different rates.



The experiments showed development of cotton pollen to be similar to tobacco pollen development, i.e., similar to the development of all angiosperm pollen under culturing conditions. Though neither free callous tissue nor embryos were observed, multi-cell clusters and primordial embryos enclosed by pollen walls were produced. This may be regarded as a preliminary stage of formation of pollen callous tissue or embryos. Inasmuch as the experiment showed development of cotton pollen to be possible despite an arrest in cell division, there is reason to suppose that culturing of haploid cotton pollen will be successful; hence, research is underway to promote microspore development to form sprouts and seedlings during the pollen stage.

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CSO:4011/35

## BRIEFS

**ZHEJIANG AQUATIC CULTIVATION**--Hangzhou, 11 Apr (XINHUA)--China has finished infrastructural projects in its first experimental base for the overall development of sea polders, a local official told XINHUA here today. The base, located in Shaoxing county of east China's Zhejiang Province, is ready for aquatic cultivation. It has been set up to find ways to reduce investment and shorten the initial period of losses in such ventures. The official said that projects in the base will need a total investment of three million yuan (about U.S.\$810,000) and are expected to yield returns equal to the investment within 4 years. China boasts rich sea polder resources, with coastlines estimated at more than 18,000 km. Sea polders are usually reclaimed to cultivate aquatic products, grow cash crops and fruit and raise livestock. According to the official, Zhejiang Province has invested some 50 million yuan and reclaimed up to 300,000 hectares of sea polders in the past few years. The output of cotton, sugarcane and linen in these areas take up over one-tenth of the province's total. Some 9,200 tons of fish have been harvested on fish farms on reclaimed land. [Text] [Beijing XINHUA in English 1250 GMT 11 Apr 87] /9604

**XIZANG LIVESTOCK OUTPUT**--Beijing, 13 Apr (XINHUA)--The total output value of livestock in the Tibet Autonomous Region last year hit a record 400 million yuan, up 7.4 percent from 1985. The number of livestock on hand in the region rose by 3.6 percent last year over 1985. The output of animal products such as wool, milk, meat and fur was up between 2.2 percent and 7.6 percent. The region has more than 53 million hectares of grasslands, and more than 22 million head of livestock. In the past many animals used to die following natural disasters. In 1984 the region contracted out livestock to herdsmen's households. Commercial departments and private traders in the region helped herdsmen transport dairy products to markets outside the remote areas, improving the region's market economy. Some herdsmen started to process and transport their own products such as wool, meat, and fur. The region last year produced more than 74,750 tons of meat, up 6.2 percent from 1985, bringing the annual per capita meat consumption to 35 kilograms. [Text] [Beijing XINHUA in English 1428 GMT 13 Apr 87] /9604

**COTTON RESEARCH CENTER IN JINAN**--Jinan, 12 Apr (XINHUA)--A cotton research center funded by the United Nations has been set up in this capital of Shandong Province, an official of the provincial Academy of Agricultural Science said here today. According to a contract signed in May last year,

the institute is subsidized with a sum of U.S.\$693,500 provided by the UN Development Program, carried out by the UN Food and Agriculture Organization and coordinated by the Chinese Ministry of Foreign Economic Relations and Trade. The center, which aims at improving cotton fiber quality and boost its production in Shandong and north China and setting up an example in cotton development for the world, will organize force to tackle scientific and research problems, conduct academic exchanges, train qualified people and carry out technical consulting service. Shandong is China's leading cotton producer, the official said, and its cotton cultivation dates back to 14th century. In recent years the province has developed a number of new cotton varieties to boost its annual cotton output up from 167 million kilograms in 1979 to record 1,789 million kilograms in 1984. [Text] [Beijing XINHUA in English 1045 GMT 12 Apr 87] /9604

AGRICULTURE MINISTRY-CITIC DEVELOP EXPORTS--Beijing, 16 May (XINHUA)--The Ministry of Agriculture, Animal Husbandry and Fisheries and the China International Trust and Investment Corporation (CITIC) have joined forces to develop export agricultural products. Today's PEOPLE'S DAILY reported that a contract between the two parties was sealed here yesterday. Agricultural officials said that by cooperating with CITIC, the ministry will receive up-to-date information on world markets, plenty of funds, advanced technology and facilities to improve processing, storage and packaging of farm products. Under the contract, their agreement includes possible joint ventures, cooperative management, imports and exports. They will first focus on developing agricultural production bases by seeking foreign investment, importing technology and developing new products that will sell well on world markets, the report said. According to the report, the state has allocated 100 million yuan in the past 2 years to build 113 agricultural production bases. [Text] [Beijing XINHUA in English 0152 GMT 16 May 87] /9604

SEED QUALITY INSPECTIONS--Zhengzhou, 16 May (XINHUA)--Now 1,700 of China's counties have set up seed inspection offices which use state of the art inspecting equipment and employ 6,600 technicians. According to reports at a seed inspection meeting held today, "For 30 years, Chinese farmers judged seed quality by touch, smell and sound, but now 80 percent of the country's seed departments have opened inspection offices which use more scientific techniques." According to statistics, in inspections of 2.2 million tons of seed last year, the offices eliminated inferior quality seed, controlled seed quality and increased crop production. High-quality seed distributed in Henan Province made up 60 percent of the total in 1980, but jumped to 98.4 percent of the total last year. High-quality grain and bean seeds from Jilin Province accounted for 50 percent of the total in 1982, but went up to 84 percent last year, which resulted in 500,000 more tons of grain. [Text] [Beijing XINHUA in English 0704 GMT 16 May 87] /9604

YUNNAN MACHINE-PLOWED ACREAGE--During this year's spring plowing season, our province's machine-plowed farmland acreage reached more than 6.6 million mu, an increase of 9 percent compared with the same period last year. [Summary] [Kunming Yunnan Provincial Service in Mandarin 1000 GMT 13 May 87 HK] /12232

YUNNAN HYBRID RICE--In 1987, Yunnan Province will increase the area sown to hybrid rice and hybrid corn from more than 5 million mu in 1986 to more than 6 million mu. [Excerpt] [Kunming YUNNAN RIBAO in Chinese 13 Apr 87 p 1]

HUNAN TOBACCO INDUSTRY--In 1986, the gross output value of the tobacco industry in Hunan Province was 1.24 billion yuan, and profits after taxes were 950 million yuan, increases of 24.4 percent and 27 percent respectively over 1985. [Excerpts] [Changsha HUNAN RIBAO in Chinese 31 Mar 87 p 1]

JIANGXI TOBACCO INDUSTRY--During the Seventh 5-Year Plan, the state will provide \$5 million and 40 million yuan to the two cigarette factories in Jiangxi Province for technical upgrading. [Summary] [Nanchang JIANGXI RIBAO in Chinese 18 Apr 87 p 1]

JIANGXI FARM SUPPLIES--As of the end of March, the provincial agricultural means of production department had provided 557,000 tons of chemical fertilizer, 2,157 tons of farm chemicals, 2,365 tons of plastic film, and 1,020,000 farm tools, increases of 63.6 percent, 83.8 percent, 27.9 percent, and 5.44 percent respectively over the same period in 1986. [Excerpts] [Nanchang JIANGXI RIBAO in Chinese 19 Apr 87 p 1]

YUNNAN TOBACCO INDUSTRY--In the first quarter of 1987, Yunnan Province produced 671,600 cases of cigarettes, a 24.4 percent increase over the same period last year; the output value was 488 million yuan, a 35.5 percent increase over 1986; 619,800 cases of cigarettes were sold, a 24.1 percent increase over 1986; and profits after tax totalled 381 million yuan, a 36.1 percent increase over the same period last year. [Text] [Kunming YUNNAN RIBAO in Chinese 17 Apr 87 p 1]

NATIONAL BEER PRODUCTION--By 1986, beer production in China surpassed 4 million tons. At present, there are more than 500 breweries in China, 60 are large breweries with a combined annual production capability of 1.6 million tons. During the Seventh 5-Year Plan, China plans to build or expand 72 large, and medium-sized breweries that will increase the average annual production capability by 3 million tons. [Excerpts] [Beijing NONGMIN RIBAO in Chinese 11 Apr 87 p 2]

RURAL SAVINGS--As of the end of March, savings in rural credit cooperatives in China totalled 103,730,000,000 yuan. Savings exceeded 100 billion yuan for the first time, and increased 28,270,000,000 yuan over the same period in 1986. [Text] [Beijing NONGMIN RIBAO in Chinese 16 Apr 87 p 1]

JIANGSU FARM SUPPLIES--As of the end of March, the gross value of farm production materials provided by supply and marketing cooperatives in Jiangsu Province was 570,900,000 yuan, a 43.34 percent increase over the

same period in 1986. The amount of chemical fertilizer supplied increased 32.2 percent over the same period in 1986, farm chemicals 46.2 percent, and plastic film 38.1 percent. [Excerpts] [Beijing NONGMIN RIBAO in Chinese 16 Apr 87 p 2]

ZHEJIANG TEA AREA--The area sown to tea in Zhejiang Province is 2,700,000 mu, and output is expected to be 110,000 tons, a 5 percent increase over 1986. Zhejiang plans to export 37,300 tons of tea, and earn \$81,000,000 in foreign exchange, an increase of more than \$7,000,000 over 1986. [Excerpt] [Beijing NONGMIN RIBAO in Chinese 28 Apr 87 p 2]

JIANGXI FARM LOANS--In the first quarter of 1987, rural credit cooperatives in Jiangxi Province provided 498 million yuan in farm loans, a 68.8 percent increase over the same period in 1986; the balance of farm loans totaled 1 billion yuan, a 42.8 percent increase over the same period last year; loans for grain production were 281 million yuan, accounting for 56.4 percent of the loans. [Excerpt] [Nanchang JIANGXI RIBAO in Chinese 27 Apr 87 p 1]

ANHUI SEED OUTPUT--In 1986, the area sown to crop seeds in Anhui Province was 592,000 mu, and seed output was 116 million kilograms, increases of 13.2 percent and 5.3 percent respectively over 1985. The area sown to hybrid rice seed was more than 60,000 mu, output was 6,500,000 kilograms, the area sown to hybrid watermelon seed was 3,300 mu, and output was 42,500 kilograms. Seed output met the provincial need, and the surplus was sold to other provinces. [Excerpt] [Hefei ANHUI RIBAO in Chinese 21 Apr 87 p 1]

ANHUI PEASANT INCOME--According to a sample survey, the per capita cash income of peasants in Anhui Province in the first quarter of 1987 was 77.63 yuan, a 8.6 percent increase over the same period in 1986. Per capita expenses for household production operations in the first quarter was 18.68 yuan, a 15.4 percent increase over the same period in 1986. In the first quarter of 1987, per capita income of the livestock industry was 17.81 yuan, an 11.3 percent decrease from 1986. In the first quarter of 1987, peasant per capita living expenses were 66.71 yuan, a 18.3 percent increase over the same period in 1986. [Excerpts] [Hefei ANHUI RIBAO in Chinese 24 Apr 87 p 1]

LIAONING 1986 GRAIN OUTPUT--According to a sample survey conducted by relevant departments of Liaoning Province, the provincial grain output totaled 12.2 million tons in 1986, a 25-percent increase over the previous year. The average annual amount of grain harvested by each peasant was 752 kg, an 18.7-percent increase; and the average amount of grain sold by each peasant was 250 kg, of which 200 kg was sold to the state, representing a 16-percent increase. The food grain consumption level was basically the same as the previous year, and spending on animal feed declined. At the end of 1986, each peasant stored an average of 435 kg of grain, 19 percent more [than] the same period the previous year. [Excerpts] [Shenyang Liaoning Provincial Service in Mandarin 2100 GMT 13 May 87 SK] /12232

POPULAR TAIWAN NOVEL PUBLISHED IN CHINA

HK210259 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0345 GMT 17 Apr 87

[Text] Beijing, 17 April (ZHONGGUO XINWEN SHE)--The novel "Cold Night Trilogy" by a Taiwan writer was recently published on the mainland.

The writer, Li Ch'iao, born in Miaosu, Taiwan in 1934, is well known in Taiwan for his literary work with a local flavor. He has created a number of literary works of great influence in Taiwan such as novels "Love of a Mountainous Country," "The Symbol of Agony" and "A Record of Bitter Hatred and Injustice," as well as novelettes and the short stories "Floating Wilderness," "Song of Love," "A Cloudless Night," "The Limit of Man" and "A Mountain Girl."

The novel "Cold Night Trilogy" is his representative work, which caused a stir in Taiwan's literary world and was presented the "Wusanlian Literature Award" in 1981 in Taiwan. This literary work represents the great success of novels published in Taiwan in the early 1980's.

The almost 1-million-Chinese character novel "Cold Night Trilogy" consists of three parts--"Cold Night," "A Desolate Village" and "A Solitary Lamp." It is a landmark in contemporary Taiwan literary development following the novel "Taiwan Trilogy" by author Chung Chao-cheng. The novel "Taiwan Trilogy," through the threads of three generations of the two tenant-peasant families of Peng and Liu, reflects how the Taiwan people engaged in extraordinary economic construction and arduous struggle during the 50 years and more from the time Taiwan fell into the hands of Japan to the victory of the War of Resistance against Japan.

The novel "Cold Night Trilogy" was published by the China Radio and Television Publishing House. The first edition of 20,000 copies has all been sold out in advance. This has seldom been seen in publishing the serious literary works of Taiwan on the mainland. The publishing house has reserved a contribution fee for the author and deposited it in a bank.

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CSO: 4005/577

TAIWAN

BRIEFS

COST OF NEW SUBMARINES--Taipei, March 31 (CNA)--The total cost of the two submarines the Republic of China [ROC] ordered from a Netherlands shipyard is NT [New Taiwan] \$29.6 billion, Premier Yu Kuo-hua said Tuesday in response to an interpellation at the Legislative Yuan. The ROC Government will have appropriated funds totaling NT\$24.1 billion to buy the two submarines from fiscal 1982 to fiscal 1988 which begins in July. The cost of building the two submarines is NT\$13.9 billion. Other expenditures include NT\$10.2 billion for the purchase of weapons systems, NT\$2.4 billion for the installation of engineering and software equipment, and NT\$2.9 billion for insurance and training. [Text] [Taipei CHINA POST in English 2 Apr 87 p 12] /8309

CSO: 4000/086

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